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COURSE SYLLABUS
COM. 335 - REPORTING OF PUBLIC AFFAIRS
Spring, 1990

Course Content and Approach - Reporting of Public Affairs is both a skills course and a content course. The goal is to help you prepare for the task of covering *public affairs* (that is, the activities of government agencies). To be an effective public affairs reporter, you must be a good writer and newsgatherer, but you also need to understand government. Therefore, this class is something of a political science class and a law class as well as a reporting class. It will give you some practical experience in covering government agencies--and it will provide information about the kinds of governments agencies that you will be most likely to cover and the laws that protect your right to do so.

Course Requirements - The work of Com. 335 consists primarily of covering a single government agency. In addition, there will be three short quizzes on the lectures and assigned reading. There also may be one or more in-class writing assignments in addition to the final exam.

Your first responsibility in Com. 335 is to select a local government agency as your "beat." This syllabus includes a list suitable agencies; feel free to select an agency not on the list if it is more convenient for you. You will cover three consecutive meetings of your agency's governing board, writing one or more stories about each meeting. To simulate the deadline pressures experienced by professional journalists, these government meeting stories are due in the faculty in-basket in H-230 at noon on the day after the meeting occurs. Please indicate the date and time of the meeting on each story and attach the agenda.

If you are not satisfied with your score on any of these reporting assignments, you may cover an additional meeting of your government agency. If you receive a higher score on that story, it will be counted in place of the original score.

After you have covered three meetings of your local government agency, you should do one additional story concerning a major issue affecting that government agency. This assignment, which will not be due until the end of the semester, is intended to give you an opportunity to write about one subject in greater depth--without the immediate deadline pressure. Hopefully, this story will be based on personal interviews as well as some use of public records. It should be two to four pages long.

The quizzes will each have 20 multiple-choice questions covering the lecture material and assigned readings. The only textbook (other than the material contained in this syllabus) is the League of Women Voters' *Guide to California Government*.

The final exam will be an actual public affairs reporting assignment, to be completed under deadline pressure during the scheduled final examination period.

Grading - Grades will be based on a point system. Each written assignment or quiz will be worth 100 points and the final exam will be worth 300 points. Course grades will be based on a curve, with those students achieving the highest overall scores receiving an "A". Other grades will be based on a normal distribution.

Please note these three features of the grading system:

1) Meeting deadlines is crucial in journalism. If you miss class when there is a quiz or in-class writing assignment, the work cannot be made up except under very unusual circumstances. If you miss the deadline for an outside assignment such as a government meeting story, there will be a 10 to 50 point penalty, depending on how late it is. No meeting story will be accepted more than one week after the meeting.

2) Writing grades will be based on the accuracy and thoroughness of the reporting as well as the quality of the writing. A single factual error may result in a substantial grade reduction. A separate statement explains the grading policy and grading symbols more fully.

3) Of the seven 100-point grades (three beat stories, the public affairs story and three quizzes), the lowest will be dropped, provided all three beat stories and the public affairs story have been completed

Grading Summary

3 local government beat assignments (100 pts. x 3) [story due noon next day]	300 pts.
3 quizzes (100 pts. x 3)	300 pts.
1 major issue/public records story <Follow-up story>	100 pts.
Final examination	300 pts.
Less: lowest score above	0-100 pts.
TOTAL POSSIBLE	900 pts.

no Friday meetings!

staff reports } 2 days in advance
agenda } agenda free - S.R. may charge for copy
good reporter → making good contacts (cynical...) b/c people prejudge before meeting.

COM. 335 COURSE CONTENT

The following topics will be discussed during the semester:

-Reporting methods: government meeting coverage

-Reporting methods: researching public records

-Writing the complex government story *clearly*

-The structure and functions of local government

-The structure and functions of state government

-Government finance and taxation problems

-California open meeting laws

-California public record laws

-The structure of the judicial system

-Covering the criminal justice system

SPRING, 1989 DATES TO REMEMBER

Jan. 29 - First class meeting

Feb. 12 - Last day to declare choice of local government beat

city council/planning commission
school boards

Feb. 23 - Last day to submit first beat story

March 23 - Last day to submit second beat story

April 20 - Last day to submit third beat story

May 11 - Last day to submit public affairs story

Week of May. 21 - Final exam

Com. 335

GRADING SYMBOLS AND THEIR MEANINGS

GFE - The most feared of all marks, "GFE" stands for "gross factual error," and it results in an automatic 25-point deduction from the assignment grade. GFEs include incorrect spellings of proper names, errors in the facts, etc. Even if it's just a "typo," it's a GFE to say "John Deo" when you mean "John Doe." Accuracy is absolutely essential in professional journalism.

P ref - A pronoun reference error involves the use of a pronoun that does not agree with its antecedent noun or a pronoun lacking an antecedent noun. Example: "Cal State Fullerton wins a lot of football games. *They* have a good team." An organization or institution is an "it," not a "they."

RO - A run-on sentence (or a "comma splice") is really two sentences linked by a comma or, even worse, by nothing at all. Example: "John is a good student, he gets mostly A's."

SP - This means the circled word is incorrectly spelled.

Inc sen - An incomplete sentence is one lacking a verb or perhaps a subject.

Awk - An awkward sentence is one that is clumsy and perhaps unclear. If you find this mark on your paper and you can't see why, try reading the sentence or paragraph aloud to someone else.

Verbose - Your phrasing is verbose when it takes ten words to say what could be said in five, for instance. As a public affairs reporter, your job is to translate government gobbledegook, not create your own.

Diction - Diction refers to the choice of words. If this mark appears on your paper, it means you misused a word or used a word that doesn't mean what you wanted it to mean. Look the word up.

Style - This means you have a usage that violates AP Style. Example: if you said 3:00 PM. instead of 3 p.m., you'd earn this mark.

Grammar - This mark appears on your story when you have committed one of a variety of grammatical errors not already covered.

* * *

The Consequences: Aside from GFEs (which cost you 25 points each), these errors may result in penalties of 5 to 10 points, depending on their severity. Thus, two spelling errors could reduce your grade on an assignment from an A to a B. When you become a top executive, you'll probably have helpers to clean up your copy; in the meantime, be prepared to correct your own mechanical errors.

MULTISYLLABIC BUREAUCRATESE AND CLEAR WRITING

Most bureaucrats love big, pretentious words. Good journalists hate them. One of your major tasks as a public affairs reporter is to translate government gobbledygook into plain English.

Fortunately, not all bureaucrats like gobbledygook. For instance, the late Malcolm Baldrige, the original secretary of commerce in the Reagan administration, shook the federal bureaucracy with a crusade against the kind of writing that most of his employees considered the ideal.

Shortly after taking office, he issued a memo called, "Secretary Baldrige's Writing Style." It declared war on the pompous writing style so common in big government (as well as big business and academia). He demanded that bureaucrats write in simple English. In Com. 333, you will be expected to do the same.

Baldrige went so far as to program his agency's word processing computers to flash a warning on the screen whenever an employee forbidden certain long words in a memo, letter, news release, or report. Here are some of the forbidden words and phrases:

"I would hope; I would like to express my appreciation; as I am sure you know; as you are aware; as you know at the present time; best wishes.

"Bottom line, delighted, different than, endorsed herewith, finalize, great authority, hereinafter, hopefully, image, institutionalize, input, interface, it is my intention, maximize, more importantly, needless to say, new initiatives, ongoing, orient, parameter, personally reviewed.

"Prior to, prioritize, serious crisis, therein, to impact, to optimize, mutually beneficial, viable; I share your concern, contingent upon, effectuated, inappropriate, management regime, mutually beneficial, responsive, specificity, utilize.

Baldrige saw a letter which said the writer was "gratified by your willingness to aid in this endeavor." "I can say, 'I'm glad you want to help,'" Baldrige pencilled in.

* * *

In Com. 333, there may be times when you'll need to use some of Secretary Baldrige's forbidden words, but never use more words than necessary to make your point. If a simple one-syllable word says what you mean, don't ever use a longer word.

OC Board?

LOCAL GOVERNMENTS: SAMPLE MEETING TIMES

One of the most important assignments in Com. 335 is to cover a local government "beat." Your beat will be a single government agency. The assignment is to attend three consecutive meetings of the agency's governing board and submit complete news stories about what happened at each meeting by noon on the day after the meeting. Under normal circumstances, it will require at least two pages typewritten (and often more) to do a thorough job of covering a government meeting. Each story is to be left in the faculty in-basket in the Communications Department office (H-230).

To help you select a suitable government agency, here are some possibilities (with their normal meeting times and places). Please note that these times and places are subject to change. DON'T go anywhere at the time shown here without first calling to verify that the meeting will in fact occur at that time.

County of Orange

X Board of Supervisors - Each Tuesday and Wednesday at 9:30 a.m., Hall of Administration, 10 Civic Center Plaza, Santa Ana

County Planning Commission - Each Monday and Tuesday at 1:30 p.m. (same location as Board of Supervisors)

Local Agency Formation Commission - 2nd and 4th Wednesday at 2 p.m. (same location)

City of Anaheim

City Council - Every Tuesday at 1:30 p.m., City Hall, 200 S. Anaheim Blvd.

Planning Commission - Every Monday at 1:30 p.m. (same location)

City of Brea

City Council - 1st and 3rd Tuesday at 5 p.m. (work session) and 7 p.m. (public hearings and other business), Civic Cultural Center, 800 E. Birch St.

City of Buena Par

City Council - 1st and 3rd Monday at 5 p.m., City Hall, 6650 Beach Blvd.

Planning Commission - 1st and 3rd Wednesday at 7 p.m. (same location)

City of Costa Mesa

City Council - 2nd and 4th Monday at 6:30 p.m., City Hall, 77 Fair Drive

City of Fullerton

City Council - 1st and 3rd Tuesday at 4 p.m. and 7:30 p.m. (public hearings and other major business), City Hall, 303 W. Commonwealth

Planning Commission - 2nd and 4th Wednesday at 7:30 p.m. (some locations)

City of Garden Grove

City Council - 1st and 3rd Monday of each month at 7:30 p.m., Community Meeting Center, 11300 Stanford Ave.

City of Huntington Beach

City Council - 1st and 3rd Monday at 7 p.m., City Hall, 2000 Main St.

Planning Commission - 1st and 3rd Thursday at 7 p.m. (some locations)

City of Newport Beach

City Council - 2nd and 4th Monday at 7:30 p.m., City Hall, 3300 Newport Blvd.

City of Placentia

City Council - 1st and 3rd Tuesday at 7:30 p.m., City Hall, 401 E. Chapman Ave.

Planning Commission - 2nd and 4th Tuesday at 7:30 p.m. (some locations)

City of Santa Ana

City Council - 1st and 3rd Monday at 2 p.m. (work session) and 7:30 p.m. (public hearings and other business), City Hall, 22 Civic Center Plaza

Planning Commission - 2nd and 4th Monday at 7:30 p.m. (some locations)

LOCAL SCHOOL DISTRICTS

Community College District boards of trustees
Unified School District boards of trustees
Union High School District boards of trustees
Elementary School District boards of trustees

SPECIAL DISTRICTS

(About 3000 different government agencies, each with an elected or appointed governing board that may have the power to impose taxes to carry out specialized government functions)

Examples:
- local library and fire protection districts
- local flood control and pest control districts
- regional bodies-
  - So. Calif. Rapid Transit District
  - Air Quality Management District
  - Metropolitan Water District

LOCAL GOVERNMENT PROCEDURES AND VERNACULAR

Government meetings can be a little bewildering at first, often because of the formalities that government bodies follow and the jargon that government officials use. Here are explanations of a few terms that are often used during local government meetings.

Agenda - An agenda is a list of the items of business that a government agency expects to cover during a particular meeting. Local government agencies are permitted to add items to the agenda as the meeting progresses (but note that state agencies are prohibited to do this).

Quorum - A quorum is a simple majority of the governing board, the minimum number of board members that may lawfully conduct the board's business. On a five-member city council, for instance, three members constitute a quorum. If fewer than three members are present, the council may not lawfully conduct business. When only three members are present, a 2-1 vote is sufficient to adopt most measures. If four members are present, a 3-1 vote is required for an item to be approved. If all five are present, a 3-2 vote is needed for most items. There are some special circumstances under which a unanimous or near-unanimous vote is required for a matter to be approved. A quorum of a seven-member body is four.

Consent calendar - The consent calendar is a group of routine items that the governing board considers together, approving them all en masse without any discussion. If any member of the board or council requests it, an item may be removed from the consent calendar and placed on the regular agenda for full discussion. The consent calendar procedure may save a lot of time, but it can also confuse the unwary: sometimes an extremely important issue is buried among the mundane items that are usually placed on the consent calendar. This might be done in an effort to avoid public controversy.

Public hearings - Most government agencies allow members of the public to speak, often during "public hearings" that are scheduled to allow comments on a particular issue. There may be a limit on the length of time each person is allowed to speak, and those who wander off the subject at hand may be asked to stop speaking and sit down. Cities and counties are required to hold public hearings before voting on certain major items of business.

Public comments - Some government agencies also allow members of the public to speak about any subject they may choose at a certain time during the meeting.

Ordinances - An ordinance is a formal law adopted by a city or county. Except during emergencies, a proposed ordinance must be published verbatim in a newspaper's legal advertising columns before it is enacted. Also, non-emergency ordinances must be voted on twice (once during a "first reading" and again during a "second reading" at a separate meeting) before they can be adopted.

Resolutions - Unlike ordinances, resolutions are not laws (i.e., legislative enactments), but they are used to establish rules and policies for a government agency. They may be adopted without all of the formalities that are required to enact an ordinance.

Proclamations - Proclamations are even less formal than resolutions. A proclamation may be issued by a governing board or even its presiding officer (e.g., the mayor), typically to congratulate someone for doing something good. These are rarely as newsworthy as other actions of the government agency.

* * *

People and their titles - One of the most confusing things about a government meeting for a newcomer may be figuring out who the players are without a program.

*The elected governing board (i.e., city council, the county board of supervisors, or the board of education) usually sits at the head table in a semi-circle. They are usually unsalaried citizen-politicians except in very large government agencies (although they have expense accounts). They are usually employed in some line of work that has nothing to do with the business of their government agency. (In fact, when their employment does overlap the business of the agency, conflict-of-interest charges may be made against them). Only these elected officials may vote at council or board meetings.

*The salaried professional staff of the government agency usually surrounds the governing board. A senior executive such as the city manager or school superintendent may sit at the head table among the board members. Lesser officials may sit at other tables in the front of the room or in the audience. These people do not vote on the policy matters discussed by the board or council. Their job is to carry out the policies of the board as full-time employees of the government agency. These are the chief bureaucrats, if you will. Be careful to keep track of who is a voting board member and who is merely an employee of the agency.

*In the case of bodies such as planning commissions, the policy-making board consists of *appointed* rather than elected officials, but they nonetheless have the power to make policy, which is then carried out by the paid staff. A planning commission's decisions carry the force of law unless appealed to the city council.

THE CALIFORNIA SHIELD LAW

The California shield law, which is a law designed to protect journalists from being forced to reveal their sources and other confidential information, is now in the state Constitution. It was written into the Constitution by a vote of the people in 1980 in an effort to strengthen it (the courts had carved out several exceptions to the previous shield law, substantially weakening it).

The shield law, contained in Article I, Section 2(b) of the California Constitution, reads as follows:

> A publisher, editor, reporter, or other person connected with or employed upon a newspaper, magazine, or other periodical publication, or by a press association or wire service, or any person who has been so connected or employed, shall not be adjudged in contempt by a judicial, legislative, or administrative body, or any other body having the power to issue subpoenas, for refusing to disclose the source of any information procured while so connected or employed for publication in a newspaper, magazine or other periodical publication, for refusing to disclose any unpublished information obtained or prepared in gathering, receiving or processing of information for communication to the public.
>
> Nor shall a radio or television news reporter or other person connected with or employed by a radio or television station, or any person who has been so connected or employed, be so adjudged in contempt for refusing to disclose the source of any information procured while so connected or employed for news or news commentary purposes on radio or television, or for refusing to disclose any unpublished information obtained or prepared in gathering, receiving or processing of information for communication to the public.
>
> As used in this subdivision, "unpublished information" includes information not disseminated to the public by the person from whom disclosure is sought, whether or not related information has been disseminated and includes, but is not limited to, all notes, outtakes, photographs, tapes or other data of whatever sort not itself disseminated to the public through a medium of communication, whether or not published information based upon or related to such material has been disseminated.

These are some of the highlights of the shield law:

-It applies to virtually all print and broadcast journalists, but not to book authors, documentary filmmakers and certain other information gatherers who engage in journalistic activities.

-It protects journalists for life: they cannot be forced to reveal confidential information or sources they used while they were journalists even if they leave the field and enter another form of employment.

-It protects journalists from being cited for contempt if they are ordered to reveal confidential information under a court's (or other authority's) subpoena powers. However, journalists are not exempt from other legal sanctions, such as being forced to forfeit their libel defenses if they refuse to answer questions about their sources during a libel lawsuit.

-Although it is in the state Constitution, the shield law is not absolute. For in-

stance, it may not protect a journalist who has information that might help to clear a person accused of a crime. Several judges have ruled that a person's right to a fair trial, protected by the Sixth Amendment to the federal Constitution, outweighs the journalist's right not to reveal confidential information, a right protected by the state Constitution.

-Courts have sometimes ruled that journalists may be excused from revealing confidential information even if the shield law does not apply, based on the concept of "reporter's privilege" under the First Amendment to the federal Constitution. This right is severely limited, however. It does not apply in some of the situations where it might be most useful.

CALIFORNIA OPEN MEETING LAWS

I. THE RALPH M. BROWN ACT (Government Code sec. 54950-54960.5, enacted in 1953 and amended repeatedly since then)

THE BROWN ACT APPLIES TO:

-Governing boards of all local government agencies, including cities, counties, school districts and special districts;
-Appointed boards and commissions that serve under these governing boards;
-Advisory bodies created by "official acts" of governing boards or their members;
-Advisory bodies on which governing board members themselves sit, if such bodies are at least partially funded with public monies.

IT REQUIRES:

-That agencies to which it applies hold their meetings at regularly scheduled times, giving 24 hours advance notice of special meetings to the media and certain others who request it (a fee may sometimes be charged for providing meeting notices);
-That these agencies hold *public* meetings except under certain circumstances;
-That agendas and many other documents relating to the official business at these meetings be treated as public records (agendas must be made available for public inspection 72 hours prior to regular meetings);
-That no action be taken on matters that are not on the agenda (except in certain emergency situations, in which meetings may be held and business conducted without any advance notice to the public, although the agency still must attempt to notify the news media by telephone one hour prior to the emergency meeting);
-That public comment be permitted on matters within the government agency's jurisdiction sometime during each meeting;
-That the specific justification for each closed meeting be explained.

EXCEPTIONS:

Closed ("executive") sessions are permitted for:
-Discussions of public safety and the security of public buildings;
-Discussions of personnel matters, including the hiring, firing, disciplining and promotion of employees, as well as routine performance evaluations and sessions to hear complaints against employees (Note: a discussion of a government employee's salary is NOT a personnel matter as such. According to *San Diego Union v. City Council of San Diego*, a 1983 appellate court decision, a city council may hold a private discussion of a specific employee's performance to decide if he/she deserves a raise, but the discussion of the amount of the raise must be held in an open session.)
-Discussions of pending litigation with the agency's attorneys (Note: this exception existed informally for years before it was officially sanctioned in 1968 by the *Sacramento Newspaper Guild v. Sacramento County Board of Supervisors* appellate court decision. In 1984, the legislature amended the Brown Act to allow government agencies to confer with their attorneys in secret under these circumstances: a) to discuss a specific lawsuit that has

been filed or is likely to be filed by or against the agency; or b) if something has happened that places the agency in danger of being sued. The agency must name the lawsuit, if one has been filed, before going into secret session. In 1987, the legislature further narrowed this exception, making it clear that government agencies may not confer with their attorneys in secret merely because a proposed course of action might have some legal implications. Instead, closed sessions are permitted only when there is an actual lawsuit pending--or when there is a clear threat of one.)

-Collective bargaining with employee organizations, and strategy sessions prior to and during this process;

-Evaluations of license and permit applications where the applicant is a rehabilitated ex-felon whose privacy might be invaded by a public discussion of his qualifications;

-Real estate negotiations: an agency's governing board may meet in secret with its negotiator to discuss the price and terms for the purchase, sale or lease of a piece of property;

-Note: meetings of less than a quorum of a governing body are excluded from the Brown Act, and may be held in private. However, in *Stockton Newspapers v. Stockton Redevelopment Agency* an appellate court held that a series of individual telephone calls during which members of a public body reached a consensus on an official action constituted a meeting in violation of the Brown Act.

ENFORCEMENT PROVISIONS:

-It is a misdemeanor for a public officer to participate in a closed meeting where: (1) some official action is taken and where (2) the officer in question knows the closure is illegal. However, almost no one is ever prosecuted under this criminal provision of the Brown Act.

-Any citizen may bring a civil action to prevent an illegal closed meeting or win a judicial declaration that a past secret meeting was illegal. A citizen who wins such a lawsuit may be entitled to recover attorney's fees from the offending government agency.

-Any citizen may also seek a court order declaring certain actions taken at illegal secret meetings to be null and void. A court's power to nullify actions taken at illegal secret meetings, which is perhaps the most important enforcement provision of the Brown Act, was added to the act in 1986.

There are several limitations on a court's authority to nullify actions taken secretly in violation of the Brown Act. For example, actions involving certain contractual and financial matters cannot be nullified even if they were taken at illegal secret meetings. This protects those who purchase government bonds or sign government contracts from having the bonds or contracts invalidated). Also, a person planning to seek a court order nullifying a government action must file a notice within in 30 days after the action occurs asking the government agency to correct the illegal action. Then the agency has 30 days to correct the illegal action (by ratifying the action at an open meeting). If the agency fails to correct the illegal action within that 30-day period, a lawsuit may be filed within the next 15 days (and within 75 days of the original illegal action) to seek a court order nullifying the action. This is a far shorter statute of limitations than applies most other lawsuits.

SPECIAL NOTES:

-Under the court's ruling in the *Stockton Newspapers* case, mentioned earlier, even social gatherings and informal meetings (including parties and dinners) can constitute meetings to which the Brown Act applies if a quorum of a governing board is present and the agency's business is discussed, regardless of whether any formal action is taken.

-School and community college districts are subject to the Brown Act, but they are also subject to provisions of the Education Code that set forth special open-meeting rules (and allow closed sessions to discuss such things as student disciplinary actions and collective bargaining with employees). An attorney general's opinion says that faculty councils and academic senates at community colleges must obey the Brown Act (66 Ops. Atty. Gen. 252).

-In *Common Cause v. Stirling*, a 1983 decision, the Court of Appeal ruled that the Brown Act's provision for attorney's fees is not quite as mandatory as it sounds. Instead, the appellate court said trial judges should weigh the social importance of each Brown Act lawsuit before ordering the loser to pay the winner's attorney's fees.

-Two California appellate courts have reached opposite conclusions on the question of whether the Brown Act applies to a private corporation that operates a general hospital under contract from a government agency such as a hospital district. Numerous hospital districts have entered long-term agreements with private firms to operate their hospitals, and it is by no means clear whether the private governing boards of these hospitals must obey the Brown Act. In *Yoffie v. Marin Hospital District*, a 1987 case, a Court of Appeal held that the Brown Act does NOT apply to these private boards, thus permitting them to shield their decision-making processes from public scrutiny. But in a 1988 case, *Citizens for Public Accountability v. Desert Health Systems*, another Court of Appeal flatly declared that the *Yoffie* decision was wrong and held that the Brown Act DOES apply to these private management firms.

I. THE BAGLEY-KEENE OPEN MEETING ACT (Government Code sec. 11120-11131, enacted in 1957 and amended repeatedly since)

THE BAGLEY-KEENE ACT APPLIES TO:

-State-level (as opposed to local) boards, agencies, commissions and other "multi-member bodies" that are required by law to hold official meetings;

-The Board of Trustees of the California State University system and the Board of Regents of the University of California (although the UC regents are also subject to separate rules in the Education Code that specify the circumstances under which they may hold closed sessions);

-Appointed committees, commissions, boards and advisory committees created by state government agencies to which this law applies, if such bodies have three or more members.

IT REQUIRES:

-That these agencies provide one week's advance notice of meetings to those who request it (a fee may be charged for this service);

-That agendas and many other documents relating to official business at these meetings be treated as public records;
-That these agencies hold public meetings except under certain circumstances;
-That the reasons for closed meetings be stated.

EXCEPTIONS:

This law includes no fewer than 24 different exceptions, many of them specific to one state agency. In general, closed meetings are permitted for:
-Personnel matters such as the hiring and firing of employees as well as employee disciplinary proceedings;
-Matters affecting national security and public safety;
-Matters involving personal privacy, such as proceedings regarding tax returns and disciplinary proceedings involving persons who hold state licenses;
-Parole decisions regarding prison inmates;
-Discussions of gifts and bequests;
-Employee collective bargaining and meetings to discuss strategy in this process;
-Administrative adjudicatory (i.e., semi-judicial) proceedings.

ENFORCEMENT PROVISIONS:

-It is a misdemeanor to participate in a closed meeting with knowledge that it is unlawfully closed. (Note: no official action need occur at the illegal closed meeting for there to be criminal sanctions under this law. Under the Brown Act, in contrast, no criminal sanctions are available if no action is taken at an illegal secret meeting).
-Any citizen may bring a civil action to prevent illegal closed meetings or win a judicial declaration that a past secret meeting was illegal. A citizen who wins such a lawsuit is entitled to recover attorney's fees from the government agency involved.
-In addition, under a 1985 amendment to the Bagley-Keene Act any citizen may seek a court order within 30 days after an illegal secret meeting to invalidate most actions taken at the meeting.
-The Bagley-Keene Act also forbids government agencies from taking actions that are not listed on their agendas. If a particular item isn't on the agenda, it is generally illegal for the agency to act on that matter except in certain emergency situations.

SPECIAL NOTE:

-For a time student government organizations at community colleges and California State University campuses were subject to the open-meeting provisions of the Bagley-Keene Act. However, in 1984 that part of the Bagley-Keene Act was repealed. As a result, student government bodies at community colleges are apparently free to meet in secret, although a separate law was enacted that requires "auxiliary organizations" (including student governments) in the CSU system to hold open meetings (see below).

III. OTHER OPEN-MEETING LAWS

The Legislature and legislative committees were generally required to hold open meetings under the Grunsky-Burton Open Meeting Act, enacted in 1976. Those provisions were later placed in the state Constitution and the Grunsky-Burton Act was repealed. Also, special rules governing meetings of the University of California Regents are found in sections 92030-92033 of the Education Code.

Sections 89920-89928 of the Education Code, enacted during 1984, require student government bodies on California State University campuses to hold open meetings at regularly scheduled times and places. Special meetings must be announced 24 hours in advance, and only those matters listed in the announcement can be discussed. Closed meetings may be held to discuss investments, lawsuits, collective bargaining, and personnel matters involving employees (but not elected officers).

CALIFORNIA PUBLIC RECORDS LAWS

I. THE CALIFORNIA PUBLIC RECORDS ACT (Government Code sec. 6250-6261, enacted in 1968 and amended frequently since)

THE PUBLIC RECORDS ACT APPLIES TO:

-Records maintained by state and local government agencies, including state administrative agencies, cities, counties, school districts and special districts;
-Some records maintained by state and local law enforcement agencies.

IT REQUIRES:

-That agencies to which the law applies make their records available for public inspection during regular office hours;
-That these agencies provide copies of their records to members of the public within ten working days after a request is received, with copying fees not to exceed the actual cost of copying (note: in some instances a specific charge per copy is set forth);
-That many large state agencies adopt and post regulations governing the release of the public records in their care.

EXCEPTIONS:

Government agencies need not provide public access to records of many types, including the following:

-Preliminary drafts, notes and intra-agency memoranda that the agency does not normally retain on file;
-Records concerning pending litigation;
-Records that would reveal which individual citizens signed petitions for a recall, initiative, referendum or other ballot measure;
-Personnel, medical and similar files that contain private information about individuals;

-Applications filed with regulatory agencies by financial institutions;
-Most records of complaints to or investigations by law enforcement agencies;
-Confidential information filed by individual and corporate taxpayers;
-Test scoring keys and other information about state-administered examinations;
-A variety of judicial and quasi-judicial records;
-Trade secrets and proprietary information;
-Home addresses and telephone numbers of state employees.

-The Public Records Act also has a catch-all exception that allows an agency to keep any other public record secret when "the public interest served by not making the record public clearly outweighs the public interest served by disclosure of the record." In *ACLU v. Deukmejian*, a 1983 decision, the California Supreme Court expanded that exception considerably. The court allowed the non-disclosure of records that would otherwise be open for public inspection because the disclosure would cause too much "administrative inconvenience." Many journalists fear that this could become a fatal loophole, rendering the Public Records Act almost useless.

ENFORCEMENT PROVISIONS:

-If an agency refuses to disclose a particular record, any person may seek a court order requiring the agency to release the document in question.

-The judge hearing the case is to inspect the document privately and decide whether it must be disclosed under the Public Records Act.

-If the judge determines that the record is exempt from disclosure, it is returned to the government agency responsible for it, but if the document is found to be a non-exempt public record, it must be turned over to the requesting party.

-If the person seeking release of a record wins such a lawsuit, he or she is entitled to receive compensation from the agency for his court costs and "reasonable" attorney's fees.

SPECIAL NOTES:

-Despite the many exceptions, thousands of records are public under the California Public Records Act. Records that ARE public, either under the Public Records Act or the common law, include budgets of government agencies, employment contracts of state and local government officials (including their salaries), records of the ownership of private land, most court records and many supporting materials prepared by government agencies for their governing boards' deliberations during regular and special meetings.

-Several court decisions have held that government agencies cannot discriminate by releasing public records to certain individuals while withholding them from others. Under *Black Panther Party v. Kehoe* (a 1974 Court of Appeal decision), a government agency that makes any record (even an exempt one) available to a member of the public waives the right to stand on the Act's exemptions later: once a record is released to one person, it becomes a public record that is available to everyone.

-Under 1982 amendments to the Public Records Act, certain basic information from law enforcement "police blotter" is now a matter of public record. This information includes the full name, address and occupation of all who are arrested, as well as their physical descriptions, the circumstances of the arrest, and the charges against them. This new provision also declares that certain other police records are to be available for public

inspection. These records include the time, place and nature of complaints received by law enforcement agencies, plus the general descriptions of reported crimes and the identities of some (but not all) victims.

-During 1984, there were three California appellate court decisions interpreting the scope of the California Public Records Act:

The Register v. County of Orange held that the county had to reveal the details of an out-of-court settlement of a lawsuit against the county by a convicted child molester whose throat was slashed while he was being held in Orange County Jail. The county wanted to keep the amount of the settlement a secret to discourage lawsuits by others who are injured while prisoners at the jail. *The Register* argued that a settlement by a government agency--involving the expenditure of public monies--should be public information. The appellate court agreed and also pointed out that a county government board's decision to approve the settlement should not have been made in a secret meeting that violated the Brown Act.

Pantos v. City and County of San Francisco held that master lists of the names and addresses of prospective jurors are public records, while questionnaires that prospective jurors complete are NOT public records since they contain private and personal information that is exempt from disclosure under the Public Records Act.

Braun v. City of Taft held that government employee records such as letters of appointment and salary data are open for inspection under the Public Records Act. In this instance, the individual employee's privacy rights are outweighed by the public's right to know who is a government employee--and how much of the taxpayers' money he/she earns. The Act has usually been interpreted in this way; this case merely reaffirms existing law.

-In the 1986 case of *CBS v. Block*, the California Supreme Court ruled that applications for concealed weapons licenses are public records that should normally be disclosed. Los Angeles County Sheriff Sherman Block had refused to disclose the identities of the people who hold these licenses on the ground that if their names were known, their safety might be endangered. CBS argued that the public has a right to know who is given these licenses--and why--to determine if the concealed weapons permit system is being abused or exploited to grant political favors. The lower courts had denied CBS' request, but the high court held that this kind of information should generally be available to allow the public to monitor the performance of law enforcement agencies.

-In 1988, the attorney general's office issued an official opinion that narrowly interpreted the California Public Record Act's exemption for records concerning pending litigation. The attorney general's opinion said that only documents specifically prepared for a lawsuit are exempt from disclosure, not the much larger number of documents that are prepared for some other reason but that may later become relevant in a lawsuit. Documents that existed before a lawsuit began should not generally be exempt from disclosure, the opinion concluded. Many police arrest reports and similar documents would fall into this category.

II. THE INFORMATION PRACTICES ACT OF 1977 (Civil Code sec. 1798, enacted in 1977 and amended several times since then)

In 1977, the California legislature enacted a law that closely resembles the federal Privacy Act of 1974: the Information Practices Act. A classic example of verbose legisla-

tive draftsmanship, this detailed and complex law is often referred to (incorrectly) as "the Privacy Act."

This law created an Office of Information Practices, a state agency responsible for overseeing and regulating the information practices of state agencies (note that this law applies only to state agencies, NOT local agencies).

The Information Practices Act gives individuals the right to inspect and copy many records concerning them that are maintained by state agencies, even when such records are not open for inspection by the general public under the California Public Records Act. But while it allows individuals to see records about them that are classified as "personal" records, it denies similar access to "confidential" records. Confidential records include certain medical and psychiatric reports as well as many police records.

In addition, the Information Practices Act severely restricts the right of government agencies to release records that contain either "personal" or "confidential" information about individuals to anyone other than the person the record concerns. Although this law says it does not prohibit the release of any records that are open to public inspection under the Public Records Act, many agencies have used it as a basis for denying public access to records that were previously available.

The full impact of the Information Practices Act is not yet clear, but it has not been helpful to journalists seeking information from state agencies. Many state officials feel that they have little to gain and a lot to lose if they open their records to the press and public. This law clearly encourages secrecy in California state government.

III. THE LEGISLATIVE OPEN RECORDS ACT (Government Code sec. 9070-9079, enacted in 1975)

The Legislative Open Records Act puts the state legislature itself under essentially the same information-disclosure obligations as other state and local agencies (the California Public Records Act does not apply to the legislature itself). The Legislative Open Records Act requires that many legislative records be made accessible for public inspection and copying.

Like the Public Records Act, this law has a long list of exemptions that protect the secrecy of such items as working drafts of documents and the personal records of individuals. Significantly, records of political parties, correspondence between legislators and their constituents, and records of investigations by legislative committees are among the things exempted.

The Legislative Open Records Act has enforcement provisions almost identical to those found in the Public Records Act. Thus, a person who is denied access to a legislative record is entitled to seek legal redress, with his/her legal costs covered by the legislature if the lawsuit is successful.

IV. THE CONFIDENTIALITY OF MEDICAL INFORMATION ACT (Civil Code sec. 56)

In 1979, the Legislature enacted a new law governing the release of patient information by "health care providers," including hospitals. This law forbids the public disclosure of most medical information without the express permission of the patient. Also, it subjects offending hospitals (and their staffs) to the possibility of both criminal and civil

sanctions. As a result, reporters can no longer count on being able to learn the details of well-known patients' ailments by just calling the hospital. Among the information that may not be released to the press without permission is information about a person's medical history, his/her mental or physical condition and any treatments that may be provided. Only basic non-medical information (such as the fact that a particular person is or isn't a patient) may still be released without permission.

V. ACCESS TO DISASTER SCENES

Under section 409.5 (d) of the California Penal Code, journalists have a right of access to disaster sites, even if the area is closed off to the general public. However, the law says that even the press may be barred from the scene of a crime.

An interesting test of this law resulted from the mid-air collision of a PSA jetliner and a private plane over San Diego in 1978. Both planes crashed in a residential area, killing everyone on board and a number of people on the ground. A KFMB-TV news photographer was barred from part of the disaster site in apparent violation of section 409.5 (d). Police contended that the crash site was also a potential crime scene (due to possible looting and rumors--later disproved--that a prominent public official was aboard the downed jetliner). KFMB challenged the legality of the police action.

In *Leiferson v. City of San Diego*, the Court of Appeal ruled that barring the photographer from the crash scene was justified by the reasonable fear of police that crimes might occur there. This appears to create a substantial loophole in section 409.5 (d), allowing authorities to bar the press from many disaster sites by classifying them as potential crime scenes as well.

- 1/31 -

Plan book 2 & 3 parts.

City Council meeting - what do like ...
City or unincorporated area

Stanton (eg.)
revenue & legal boundaries -
1) Sales tax money
3) property money

city's general plan -
Zoning ...

NIMBY = Not in my back yard.

class struggles -

Strange - Zone - what it covers / doesn't cover.

Agenda:

— ask questions.

under dressing beginning of meeting.
~~newspaper / awards — not necessarily~~
newspaper material

main point of story = dressing code
~~That~~ will the news story. looking for policy differences

Inverted pyramid style —
what's the most newsworthy [illegible]
Don't write it in chronology order.

Public ~~[illegible]~~ hearing . . .

audience attendance ≠ story if not doing

looking for ~~[illegible]~~ quotations.
Full name + ~~[illegible]~~ first reference
title
accuracy.

for Smith, city manager, sued

vs. Smith (#2)

(Public Attorney) — decision not based on

weight of case

Omaha 335 - 2/5

City Council Meeting —

Presentation

Routine matters . . .

→ Public Hearings:

(must have P.H. for certain matters —
"1st Reading" "2nd Reading"

Staff writes up new law - statutory law

Ordinance: Public Notice -

Public Notice (1) Legal Ads in newspapers of general circulation

(2) Public Notice posted on bulletin board

(3) Part of Agenda 72 hours in advance + staff reports

(e.g. Tuesday meeting / Agenda + staff reports published Friday)

Agenda + staff reports

Public Hearing: citizenry responses . . .

Motion ordinance read by title / vote

First Reading

"City Council gave preliminary approval to a law that would . . ."

". . . final approval in two weeks . . ."

Next meeting

Ordinance read / vote

Second Reading

"City Council gave final approval to a law that would . . ."

[or major re-write go through Public Notice steps . . .]

PUBLIC HEARING

↓

[BROWN ACT - OPEN COMMENTS]

- BREAK/RECESS ...

INFORMAL DISCUSSION

↕

JOURNALIST BUTTONABLE OPINIONS

REDEVELOPMENT AGENCY / SAME FOLKS

→ MEETING W/I A MEETING - SEPARATE GOVT AGENCY BUT SAME FOLKS

→ POWERS (RUN DOWN)

DECLARE AREA TO BE "BLIGHTED" - TEAR DOWN IN STRUCTURES/ALLOWED TO BID TO PRIVATE DEVELOPERS

GIVE POWER "EMINENT DOMAIN" - CONDEMN LAND FOR PUBLIC GOOD

↳ FREEWAY/SCHOOL W/ FAIR COMPENSATION - DOESN'T HAVE TO BE RUNDOWN/BLIGHTED

↓

("ALSO THE CITY COUNCIL, ACTING AS THE CITY REDEVELOPMENT AGENCY ...")

DIRECT DEMOCRACY

(1) REFERENDUM - % OF VOTERS

(2) RECALL - MIDTERM

(3) INITIATIVE - PUT THEM ON THE BALLOT

Comm 335 2/7

CITY COUNCIL MEETING -

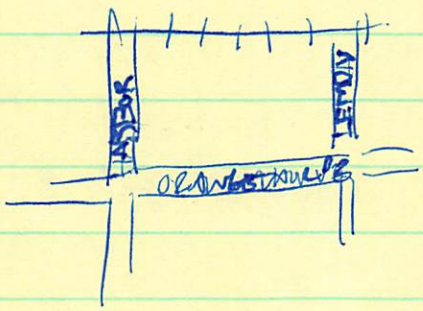
REDEVELOPMENT AGENCY

BIG STORY - A LOT OF D.C. TOWNS

(SAME PEOPLE AS CITY COUNCIL/BOARD OF SUPERVISORS...)

HOW IT'S PAID FOR:

FULLERTON EXAMPLE -



(1) CHANGED OR CHANGE OF A NEIGHBORHOOD - "WHITE FLIGHT" CAUCASIAN TO MINORITY -

(2) REDEVELOPMENT AGENCY DECLARE AREA "BLIGHTED"

(3) RESELL TO PRIVATE DEVELOPER

TAX INCREMENT FINANCING:

BASED ON PROPERTY TAX

LENDERS

WARRIORS - SPECIAL INBOUND ACCOUNT

(PROPERTY TAXES)

LENDER } PAY PROPERTY TAXES
LANDLORD } VIA CHARGES PER MONTH

PRIVATE PROPERTY → TAXED

1% OF FAIR MARKET VALUE (PROP 13)

WAYS 6% SALES TAX

1% GOES TO CITY

PRICE CLUB $500,000,000.00

CITY GETS $ 5,000,000.00

TAX DIFFERENCE BETWEEN OLD TAX REVENUE & NEW TAX REVENUE

e.g. P.C. FAIR MARKET = $10,000,000 TAX = 1,00,000

OLD NEIGHBORHOOD = $1,000,000 TAX = $10,000

40 YEARS - MONEY GOES BACK TO REDEVELOPMENT AGENCY TO PAY > $90,000
FOR REDEVELOPMENT - EXCESS AMOUNT GOES TO AGENCY, NOT SCHOOLS/CITY

SCHOOLS / COUNTY LOSE OUT —

except ⇒ SCHOOLS NOW CAN FILE TO HAVE PORTION TO COVER NEW STUDENTS IF PROJECT BECOMES HOUSING ZONE

FUNDING BEFORE TAX INCREMENT . . .

MUNICIPAL BONDS —

CITIZEN BUY BONDS → LEND $ TO GOVT

W/ TAX INCREMENT AGENCY PAYS BACK PRINCIPAL . . .

Com 333 2/14

Govt Organization in Calif.:

County

Organized in counties 58

Always:

*Health & welfare services (state money, county administration)

*Admin. of Justice - court system: superior/municipal

*Record keeping - land, birth, death, marriage, divorce

*Property tax system

Land use planning

City

either w/ a city or unincorporated area

School District

Everything...

Special District

Govt agency set up to do specific thing - sanitation, parking, library, South Coast Quality Air Management District, elected boards, subject of the Brown Act...

Comm 335 2/21 (36?)

meeting ...

closed session — Brown Act — in the syllabus

condos → units per acre — 4–6 units
single family detached housing
< 4 – 30 units

400 units = 800/1200 cars + 800/1200 people

Density & total number

OC = 6 or 8 to the acre

OC BOARD — 2/27

3/89 - recognition of consul and Spain -
AZ/UC/ So Cal)
Protocol office - plaque
commemorative fund. -

historical ties - [illegible] of Spain during
U.S. war of independence -
hispanic community ties.
1992 - in Spain, unification of Europe of
Columbus discovery anniversary.

culture / economic opportunity. -

[illegible] Stanton -
8th annual Youth - Gov't Day
LULAC sponsor - 20 plus students

2964 LULAC counsel - Mike Del Rio
mother - Anita

recognition - Youth, introduction to govt
infrastructure - Fire / health / etc dept.
23 from
Leticia Vargas
Board of Supervisors. -

Associated General Contractors Legislative Committee
SB 929
for the Senate Segment of CC
Senator Ferguson & others

certification & recognition to Bob S. Brown

LULAC — R. Stanton, Lost.

county-wide effort

Novel Calendar

22

11	22		
39	30	22	
87	89	39	w/
	90	48	
	120		

~~45~~ Hazzard — (48)-60 rejection of bids
(46 - 49) per technicalities —
Staff report new bids date of license
expirations - ~~status~~ requirements
~~[illegible]~~ non-responsive bid
county counsel
/ Cypher

Letter - proposed statute to changing statute
Counsel Ferrari, Hazzard

Zone —

~~[illegible]~~

→ Roth – Counsel – no change

Stanton → staff – press for change in statute w/o possible proper notification

currently counsel no options but if bid decision held – wait for legislation –

Staff – don't wait / cont. gaming

Hazzard – pls table for 2 weeks 'til emerg. legislation

Weeder → not 1st county caught / others countys

Lt. – SNDG county waived because bid needed license number

Roth → hearing

W → liability of rejecting?

Counsel → no problem of continuances

no – county right to reject w/o making justification

Staff → rules of contracting continuance.

6 weeks guaranteed by staff

Roth –

(48) Cohen Valley Crest
letter of [illegible] — writing to deck
Attorney for [illegible] Firm

reject & rebid — without prejudice

(45) CW Pearse & Anaheim
7028.162
dangerous precedent — bid bond example

~~48 ——— [illegible]~~

unfair to [illegible] who fulfilled statute
award or reject

(W) confused → staff — only one
[illegible] of confusion
Just [illegible] the same playing field —

~~[illegible]~~ (46) ~~[illegible]~~ Allen — responsibility
to county to [illegible]
contractors

LA [illegible]

~~46 Boly Atlan~~

50

jobs by job —

non-responsible — must notify a county counsel
195 Cal Ap
Thayer Bus —

Riley 45-80
moved
Roth second

(h) — comment : can't support decision

3 - 1 - 1
1 V h
1

87 —

89/90

120 Roth

132 Emd

Exportation of not for profit —
Panama — Costa —
Feb 20, 1914 — Baja California
& canal.

Station: Adjourn ... of Luxemburger

media: ... — ... trumpeter
restaurants.

Rally: herring

Husband vs. priest

Econ 335 3/14

Adjmn

Tax breakdown

	State	Local	6¢ / 1
Income	≈40%	20-70%	
Sales	≈35%	6% - cities	
property	0	25% (ALL)	

↑ used to be major source of income before prop 13.

FAIR MARKET VALUE = FMV $100,000 HOUSE
ASSESSED VALUE = AV ... fluctuated

↓ legislature

ASSESS VALUE = 25% of FMV = 25,000
TAX → 12-14% of AV = $3,000/YR

After Prop 13

TAX → 1% of FMV IN 1975 — INCREASE 2% PER YEAR
(CHANGE HANDS) FMV - CURRENT — 2% PER YEAR
SELLING PRICE

distribution from ~~State~~

3/26 Comm 385 -

[Campaign Contributions & Developer support.]

[CA] campaign reform legislation

> Fair political practices record & campaign contributions

largest / percentage / ratio

News Value

News Value - conflict / prominence / proximity

Boston Fire → 87 die

Alcohol

Fires: 5000

Auto - 30,000 → 82/day

Smoking - 350,000

Planes - 1,000 → DC-10 = 150

News Value

Brown Act

campaign [illegible] requirement, [illegible], [illegible]

Brown Act

Applicability
exceptions
requirements
enforcement

Notice
Advance billing

must open to public
agenda - 72 hours advance
emergency - 24 hour notice.

Deed restrictions

(CC&Rs)

Covenants, conditions & restrictions
private land use controls
subdivision - cutting down land into
smaller parts or lots.
Declaration of Deed restrictions

- Developer wants streets.

subject to Brown Act
public policy advising committee
body set up by local govt

set up by Mayor alone - not subject to B.A.

Dept: who set it up.

EXCEPTIONS.

personnel matters hiring & firing
pending litigation (conferring w/ lawyers)

NOT ~~[illegible]~~ EXCEPTION – general legal ramification questions while confirming for other [illegible].

Comm 335 4/4

Cal Public Records Act ⇒ state/ local

personnel/medical
trade secrets
tax records
attorney ⇒ ACLU ⇒ Blackmail ⇒ "administrative inconvenience"

public interest served!

Information Practices Act - state only

- personal records about individuals are not public - state equivalent to Personal Information Act -
* personal record ⇒ open to self
* confidential record ⇒ not even open to self

Cal. CA.
Confidentiality of Medical Information Act

health care providers must keep info confidential
hospital - admission/discharge condition/current condition --- if asked patient can make that info confidential also.

- Lichby if they give you confidential info.

Quiz: 2 weeks after spring break

4-16 Comm 335

Shield Laws "reporter's privilege"

prob: news sources - wish to be - confidential but untrustworthy
ought to have a right to keep sources confidential

criminal contempt & court = go to jail ~~for~~ for term
civil " " " = go to jail until obedience
Bill Farr case ... shield law

↓

loop holes - [specifically ~~protected~~ sources
protects ~~unpublished~~ notes

(1) who is covered - doesn't necessarily cover free-lancer/book author/student journalist
(2) not confidential source/but eye-witness to criminal event = not covered by shield law

protected for work done or participation ~~in~~ if no longer a journalist

- discovery process - libel case -
"reveal your sources" - not contempt
but possible loss of case - ~~[illegible]~~
libel ⇒ "reporter's privilege" - if
this part of fishing expedition - summarily
dismissed - ~~[illegible]~~
highest case

Should - provided with in final - contempt of
content

reporter ~~[illegible]~~ privilege -

Comm 335 - 4/23

(violation (?) of Bagley-Keene Act —
UC chancellor quits - Ann Reynolds)
Ann Reynolds resigns
18 months $214,000 - severance
~~[illegible]~~ money - nothing

Major pts

PUBLIC AFFAIR

→ 2 - 4 pp. 2 Double spaced

RICHARD STEADHAM

After last fall's congressional elections, the oddsmakers are unanimous: Incumbents currently hold all the trump. They have the advantage of fat campaign war chests and the perks of office — taxpayer-supported staffs, free mailings and telecommunications, and access to free media services. With slots on powerful committees — tax-writing, banking or defense — they attract millions of dollars from special interest groups trying to buy access if not outright favors.

How bad are the odds? For the second election in a row, more than 98 percent of House members running for reelection were winners. Looking at the House and Senate combined, the reelection rate was also 98 percent. House incumbents who lost were primarily those vulnerable to ethics charges.

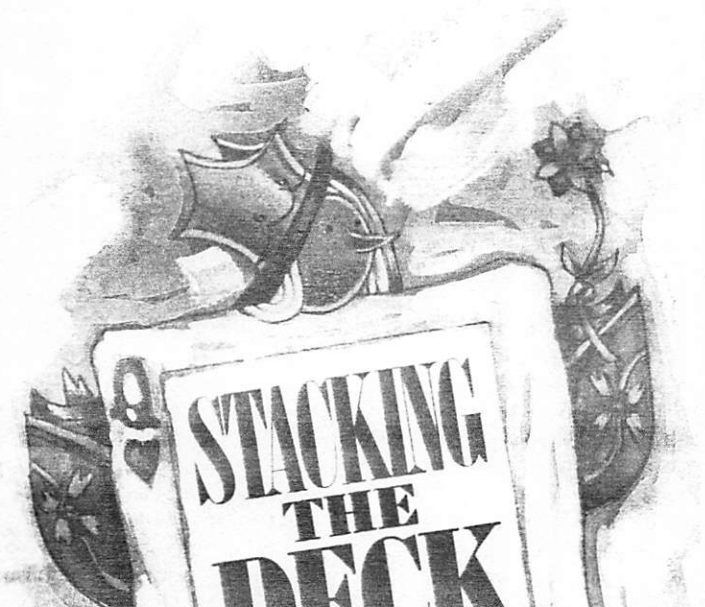
The name of the election game is money, and those in office have it. Three weeks before the election none of the House incumbents with war chests over $500,000 were in close races. The 50 candidates for House seats with the largest campaign chests were all incumbents. In Senate races, of the 50 candidates who received the most money, 27 were incumbents and only 13 were challengers. (Ten were vying for open seats.)

The money gap between incumbents and challengers is widening: Last year those running for reelection raised over three times more than their competitors. Contributing to this growing chasm is the penchant of political action committees to give to incumbents they are trying to influence. Some 80 percent of PAC money went to incumbents in this past election. House incumbents received 45 percent of their money from PACs — 3 percent more than in 1986. Incumbents for Senate seats raised twice as much money as their challengers, but PACs gave those already in office five times more money than their opponents.

With the Democrats in the majority in both the House and Senate, they benefit the most from this system of success begets success. PACs supported Democratic House incumbents to the tune of $185,460, compared to $6,870 for Republican challengers.

Faced with a deck stacked like this, how can an outsider compete? What follows is the account of one House challenge by Republican Edward Howard, a 16-year veteran of the Pennsylvania senate. Howard ran against an incumbent Democrat, Rep. Peter Kostmayer, who has represented Pennsylvania's eighth congressional district since 1976, except for a Republican win in 1980.

—The editors



I know it sounds very lofty, but I admit to a lifelong love affair with the democratic process. It's treated me very well and I think it demands active involvement by everybody, not just those seeking public office.

I first ran for the Pennsylvania state senate in 1970 and beat an incumbent Republican by spending a grand total of $9,000. When I got to the senate, I was frankly appalled at the clubby atmosphere in the legislative process, which was dominated by about five people who were handing out the goodies. So a lot of the work that interested me dealt with ethical and structural reforms.

I had been told never to depend on feeding my family from a political job, and that was some of the best advice I ever got. I've been the chief executive officer of a company that manufactures office supplies and paper, so I always knew I could walk away from politics. People would say, "You've got to do this," and I would say, "Wrong. I don't gotta do anything. I'm going to do what I think is right, even if it costs me the election." And I think that philosophy probably was what kept people voting for Ed Howard, that and the coverage it drew.

I was endorsed at one time or another by just about every newspaper in the state because of work I did in the state senate. A lot of it was financial because I was chairman of the Finance Committee, which of course is an extremely powerful committee. But I also was interested in mental health and mental retardation, the abuse of animals (in horse racing particularly) and municipal planning.

I haven't analyzed my congressional campaign in great detail, but I think several things contributed to my loss. First, I believe that the power of incumbency, particularly as it relates to communication, is one of the most important factors in this imperial Congress syndrome. I also think incumbent control of PAC money and special interest money is absolutely key.

When I'd first run for state senate, Republicans were in the minority. But the handicap a challenger has in running for state

office is not so difficult to overcome for several reasons. One of them is geography. You're dealing with a much smaller area so that personal effort can be more effectively substituted for financial success. Secondly, one of the raps on me is I'm not a team player. Team player usually means the guy who does what he's told, and I can tell you I don't and that costs you. What you do is cut yourself off from the traditional sources of funding and party support. But we've always made up the difference in volunteer support. In this last race over 5,000 volunteers worked for us.

When I announced I would run for Congress, a lot of former political opponents endorsed the notion. The prevailing wisdom was that I was the only guy who could beat the Democrats because I had sizable name recognition, which was not as great as we thought.

Secondly I'd had statewide recognition for my work in the senate leadership. My background as Finance Committee chairman looked good for what people felt the campaign was going to be about. Also I came out of the center of the party which, going after a Democrat who often cast himself as a Republican, was sort of made-in-heaven. At the same time because I had some nontraditional Republican views on certain issues, I've had good ties to organized labor. One of the most critical districts in Bucks County is Levittown. It's very heavily Democrat, but I used to run well there.

Since 1976, when the last Republican who held the eighth congressional seat with any security retired, the national committee had repeatedly asked me to run, but I couldn't for personal reasons. This time I was ready, but with several conditions. First of all, I wanted to make sure that the regular organization, the regular party, would support me. Secondly, I wanted to make sure that the various volunteer organizations that had been put together by other people in the district, many of which overlapped, would be willing to work for me. Thirdly, I wanted to go through without a primary battle that would be divisive, and fourth I wanted to make sure that the Republican national organization would support me.

Since it looked like all that was going to happen, I announced right after the off-year elections in 1986.

The first fly in the ointment appeared when a former Republican representative announced he was going to run in the primary. But his challenge fell apart because he didn't get enough signatures on his petition. There was some wreckage, but we felt it had been minor.

Then the major issue began to develop. That was the realization that our fundraising expectations were too optimistic. In the senate I'd antagonized traditional funding sources because I was the guy who insisted on lobby control. I'd made their job of influencing legislation more difficult, and when fundraising time comes, people remember.

I'd also rewritten major portions of the municipal planning codes in the late 1970s. The changes gave local elected officials much more power over orderly planning than the home builders liked and they're traditionally one of the largest sources of fundraising at the local level. This past record was an impediment to institutional fundraising despite my strong business backing.

The Chamber of Commerce endorsed me, the independent businessmen's groups endorsed me. In the Pennsylvania senate we had to balance the budget every year — it's a constitutional mandate in the state — and my job was to write tax legislation. One of the bills I sponsored was a tax-reduction bill that not only reduced business taxes by about 15 percent (with a balanced budget), but also reduced personal income taxes and simplified the tax return process for the corporate community.

My record on taxes would normally be very attractive. In terms of the hyperbole campaigns are made out of, I looked like the perfect candidate for the business community. But it didn't help. With the realization of the financial situation came the realization that my opponent could buy a lot of television time.

The major moment of truth in my campaign came in late February, early March. We did a poll on recognition, approval and key issues. We discovered that my opponent had a 90 percent recognition factor, which is a phenomenal statistic, and a 74 percent approval rating, which is very high in a district he had won by the skin of his teeth in prior elections. What really hurt us was his 74 percent approval rating before the campaign even started, and that has to be the result of the franking privilege and computerized mail. The taxpayer-paid tools a congressman has if he wants to use them can create an image that he designs, and it's a very daunting phenomenon to run against. Because of delays, the post office mailed for incumbents right up to the week of the election. Challengers lacking the funds can't afford to go back to people time after time.

If I'd had all the money I wanted, it would still have been a major challenge to figure out a way in the span of six months to reverse his initial approval rating. Unless something dramatic turns up, like charges the incumbent could go to prison for or something, challengers essentially have to tell people they've been conned, and nobody likes to be told that.

After the poll we knew we had two jobs to do. One was to get his approval rating down, and one was to get my recognition and approval rating up. My recognition factor was down around 30 percent, which meant that in political terms I'd been away too long.

We found out the issues he was going to attack me on were that I had a terrible attendance record, I voted for an increase in my own pension and I had charged a Mercedes to my expense account.

In fact, my attendance was as good or better than his. On the pension issue, I ironically sponsored a substantial amount of pension-reform legislation, but my pension is very high — that's one of the reasons I thought it ought to be changed.

As for the cars, I drove a number of rental cars — Pontiacs, Mercurys and two Mercedes — at different times. Even though I could have put 95 percent of my transportation costs on the expense account, I paid about 75 percent out of my own pocket. But ads saying the Mercedes were taxpayer paid hit the last three weeks of the campaign, and they were bad.

When we started out we hoped to raise about $150,000 from PACs. We raised $35,000 to $40,000, and the difference dictated whether we got on television or not. We just had to tough out the television blitz in the last three weeks when we didn't have money to advertise. My opponent spent almost half a million dollars on ads.

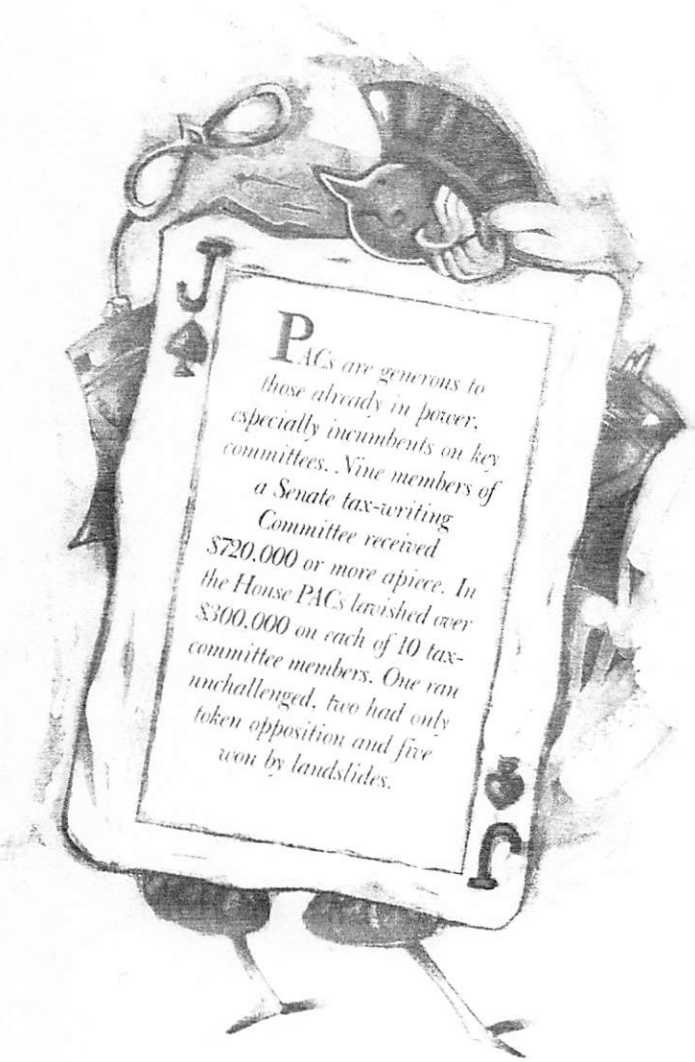
Before that hit, we had polled again, and we had gotten his approval rating down to 57 percent. We'd gotten my I.D. up over 50 percent and my approval rating up over 40 percent. When the final vote came in, he got 58 percent and I got 42.

For the campaign we had hired a Washington fund-raising firm and I'd go to PAC "grip-and-grin" sessions. Most of the PACs would say flatly, "We don't give to challenge races. We don't want our name on your contribution list." Almost every PAC with some indirect or direct relationship to the business community was just afraid of offending the incumbent.

We had a reception in Washington in late September, early October, and we sent out invitations for some 300 PACs. Four showed up.

The PACs were convinced they got into trouble by backing challengers because the House leadership goes through the donations to see who backs challenge races to Democrats. They keep a list of that.

At times a PAC would give both of us money, usually a ratio of about 10:1. They might give us a token amount, say $500, and give the incumbent $5,000.



The process has taken on a life of its own because after an election PACs have to report back to their members. What they like to report is 99 percent of the people they contributed to won. What they don't like to say is 48 percent of the people they gave money to lost because that's a reflection upon them. Who was it who said after people organize to solve a solution, the solution becomes secondary, the perpetuation of the organization becomes primary? No place is that more apparent than with PACs.

What we need is a solution to the money problem, a way to curb the influence of special-interest money in the political process. And we may be approaching a window of opportunity nationally because so many people are talking about PACs and special-interest money. Congress isn't going to do anything constructive until key members are convinced they are unable to go back to their constituencies without some incontrovertible action on this problem.

The question I was asked most on election night was, "What would you do differently?" and I didn't have an answer. I felt, given the circumstances, we had gotten every inch out of every asset we had, but it just wasn't enough to get the job done. In a way, control of the final issues lay outside the district.

The incumbent begins with the advantage of taxpayer-paid tools, a bias that is then picked up by the PAC community because it recognizes the incumbent's power, and the result becomes almost self-fulfilling. It began to tilt that way during the last six years and has now turned into a land rush. Unless we act to make the changes, the likelihood of good people being willing to tackle a challenge race diminishes, and I think that diminishes all of us. ♠

Ed Howard was interviewed by magazine editors Susan Hornik and Deborah Baldwin shortly after the election.

The Ethics Issue Heats Up

By Fred Wertheimer

The issue of government ethics reform has exploded onto the national political scene. The latest evidence came when President Bush unveiled his long-awaited ethics legislation package in April and announced he would also seek recommendations for comprehensive reform of the congressional campaign finance system.

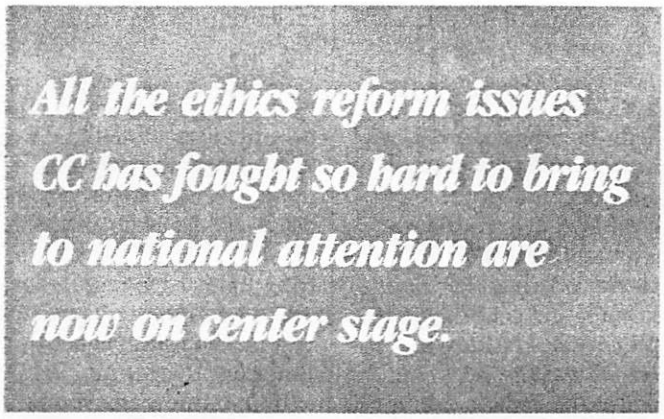
For the first time in years, a president has outlined major proposals, stating as his goal a desire to "raise ethical standards, to avoid conflicts of interest and to ensure that the law is respected, in fact and in appearance."

At the same time, leaders in Congress have appointed bipartisan task forces to make ethics and campaign finance recommendations.

In short, all of the key ethics reform issues that Common Cause has fought so hard to bring to national attention over the years are now on center stage in Washington. Although the president's ethics proposal is flawed, failing to deal with a central contribution to corruption in Washington — congressional honoraria — his legislative initiative brings the whole issue of government ethics squarely before Congress and helps assure legislative action.

The opportunity for reform is at hand — and it couldn't come at a better time. The nation's capital is addicted to private interest money. Members of Congress are living personally and professionally off special interest influence money. Washington has become an ethics swamp. And it must be cleaned up *now* — during this 101st Congress.

An all-out effort is under way to ensure that Congress takes the key steps required to clean up our fundamentally corrupt campaign financing system, to ban honoraria fees (or "legalized bribery," as they have been called) and to strengthen existing ethics rules and enforcement.



Here are some of the key actions Congress must take if all the talk about ethics is going to add up to real reform.

■ **House and Senate Democratic leaders must schedule a vote to ban honoraria.** Ironically, at the same time that the president was unwilling to propose an honoraria ban, Common Cause announced that 226 members — a majority — of the House of Representatives had gone on record in support of prohibiting congressional honoraria fees.

We heard a great deal in Congress earlier this year about the need to ban honoraria fees during the effort to raise the pay of members of Congress and other top government officials. Congressional leaders in both the House and Senate backed an end to the honoraria system. At the time, discussions focused on enacting a comprehensive ban that would not only prohibit so-called speaking fees, but would also close off other conduits for special interest influence money.

Since the defeat of the proposed pay raise, however, congressional leaders have been conspicuously silent on the honoraria issue.

Sen. William Armstrong (R-Colo.) captured the essence of honoraria doublespeak during the pay raise debate when senators, by voice vote, passed a resolution to ban honoraria *if* the pay raise went into effect. "What I cannot really fathom," he said, "is that [collecting honoraria] is morally right and ethical at one salary level but reprehensible and to be precluded at another salary level."

With a majority of House members now on record in support of an honoraria ban — regardless of what happens on the issue of congressional pay — it is incumbent upon the House Democratic leadership to schedule an honoraria vote. Scheduling a vote to ban honoraria and backing this effort is a threshold ethics test for both the House and Senate Democratic leadership. It's the key to ending the honoraria system.

■ **Republican leaders in Congress must negotiate seriously with Democrats for congressional campaign finance reform.** The spotlight on ethics in part reflects widespread recognition that our congressional campaign finance system constitutes institutionalized corruption. And through the practice of raising and spending illegal "soft money," the 1988 presidential campaign has brought back to the White House the corrupting influence of fat-cat and special interest contributions of $100,000 and more.

President Bush was a principal player in the soft money scheme (his Democratic opponent played a similar role). He has a particular obligation to help end this direct threat to the integrity of the presidency as well as to clean up the congressional campaign financing system.

Special interest contributions to congressional campaigns are a way for private interests to influence government decisions. Because these contributions are meant to influence legislation, political action committees (PACs) give overwhelmingly to sitting members of Congress, stacking our elections against challengers. In the last congres-

Fred Wertheimer is president of Common Cause.

sional election, PACs gave $115 million to incumbents, compared with $17 million to their challengers.

In 1988 98.5 percent of House incumbents running for reelection were returned to office. Only six incumbents running for House seats in November lost — the same number who died in office during the last Congress. In other words, for House incumbents, the odds of losing the 1988 election were the same as dying in office.

As the minority party in Congress, Republicans have a special stake in a fairer campaign finance system. However, for a number of years, Republicans have been the principal protectors of the present system, actively blocking passage of comprehensive reform legislation.

The president and Republican leaders in Congress are now talking about the need for campaign finance reform. But if the system is to be cleaned up, Republicans must be willing to sit down and negotiate with Democrats, with *all* issues on the table for discussion — including such matters as public financing and spending limits, which Republicans have refused to even discuss in the past.

In order to be effective, campaign finance reform must deal with the corrupting influence of special interest money in Congress, the campaign spending arms race and the need for additional resources for challengers. It must also restore the integrity of the presidential system by ending soft money abuses.

■ **Congress must face up to its double standard on ethics.** Avoiding the appearance of conflict of interest has long been a basic requirement for executive branch officials. The issue arose in the confirmation proceedings of former Sen. John Tower.

But the appearance of conflict and impropriety has been institutionalized in Congress. During the Tower debate, Sen. James McClure (R-Idaho) observed, "How can you oppose John Tower based on his two-and-one-half years as a consultant — and then turn around and say defense PAC money and honoraria do not create an equally damaging perception?"

The double standard for ethical conduct runs rampant through Congress. It appears in Congress's campaign financing and honoraria fee systems, in special interest-subsidized vacations and in the absence of effective rules on conflict of interest.

Members of Congress took an important first step toward eliminating the ethics double standard when they passed a "revolving door" bill last year that would have restricted them from lobbying Congress for one year after leaving office. But that bill was vetoed by President Reagan.

If Congress is going to face up to its ethics problems, it must reenact a strong revolving door bill and take other steps to eliminate the egregious ethics double standard in Congress.

■ **Congress must act to strengthen its ethics enforcement and oversight procedures.** The ethics codes adopted by the House and Senate in 1977 constituted far-reaching reforms. Over the years, however, these codes have been severely undermined by evasions, circumventions and outright violations by members of Congress and by the failure of the congressional ethics committees to oversee the rules properly.

Congress must act to revise and strengthen its own ethics rules. The ultimate success of such an effort will depend on establishing a more effective and vigorous oversight and enforcement system.

A new era in government ethics is within our nation's grasp. The hard work of discerning the ethics problems and the specific steps that need to be taken have already been done.

The American people have heard the rhetoric. Now it's time for action. ◆

CC Shareholder Campaign Takes Off

Common Cause's corporate shareholder campaign was off to a very encouraging start in April, when the first group of 10 targeted Fortune 500 companies held their annual shareholders' meetings.

The CC resolution garnered an average of 8 percent of shareholder votes at the Citicorp, American Express, General Electric and Unisys meetings. At the American Express meeting, for example, 23 million shares were voted in favor of the CC resolution. At the GE meeting, CC's resolution came in second only to one dealing with South Africa. Ten percent of Unisys shareholders voted for the CC resolution. "That's very substantial support for a first-year resolution," says Carolyn Mathiasen of the Investor Responsibility Research Center, which tracks shareholder resolutions for institutional investors. Typically new resolutions get between 2 and 5 percent of the vote. And CC's average is more than double the 3 percent threshold required by the Securities and Exchange Commission to qualify for a similar resolution for a second year.

CC's resolution asks corporations to disclose all congressional contributions made by their PACs for the past five years and for a statement of company policy toward campaign finance reform legislation, including spending limitations and limits on PAC giving.

The shareholders' resolution project is an effort to broaden awareness, accountability and concern about the campaign finance issue within the business community. It was conceived by Ned Cabot, former president of the New York Chamber of Commerce and Industry and a CC governing board member. In presenting the CC resolution at the Citicorp shareholders' meeting, Cabot explained, "The near unanimous silence of CEOs on this issue is not misunderstood in Washington." He went on to say that it sends the clear and unmistakable message to Congress that corporations support the status quo and want PAC business to go on as usual. "That is a dangerous message," he said, "dangerous to the country and dangerous to your shareholders, as citizens and ultimately as owners."

Already the campaign is beginning to have impact. When the resolution was introduced at the annual meeting of the American Express Co., James D. Robinson III, chairman of the board and CEO, told shareholders he was "sympathetic to putting limits on spending" and "would personally endorse" spending limits. ◆

IN COMMON

On Capitol Hill

White House Balks at Honoraria Ban While Momentum Builds in Congress

By Jeffrey Denny

When President George Bush sent Congress a package of government ethics reform proposals in April, he emphasized that "ethical consistency" requires holding all government officials to the same high standards of integrity. The statement echoed Bush's position during his presidential campaign. "To exempt Congress from any of these rules," he said then, "is to establish a double standard that breeds suspicion, cynicism and abuse."

But when it came to honoraria, the $2,000 "speaking" fees paid to members of Congress by influence-seeking special interests, President Bush got cold feet — and walked away from the President's Commission on Federal Ethics Law Reform's key recommendation that congressional honoraria be banned.

"Instead of providing critically important leadership to the country, the president has chosen to give members of Congress who want to continue pocketing thousands of dollars in special interest fees a license to perpetuate this totally discredited system," Common Cause President Fred Wertheimer said in a press conference.

Jeffrey Denny is a senior research associate.

In 1987 alone, lawmakers accepted a total of nearly $10 million in honoraria fees, pocketing $7.5 million. Honoraria have provided a number of senators and representatives with more than $100,000 in extra income over the last five years.

Momentum to ban honoraria is picking up in spite of these sums and President Bush's reluctance to take them on. In response to an intensive Common Cause lobbying effort at the national and grassroots levels, more than 225 representatives — a clear majority in the House — have gone on public record supporting an outright ban on honoraria. With a House majority calling for an end to the payments, the next question facing Congress is whether House leaders, who benefit most from the honoraria system, will bring forward legislation for a vote to abolish honoraria.

Since taking office, President Bush has been outspoken on the importance of and need for high standards of government integrity. In doing so, the president has challenged what critics have called an "anything goes" ethic of the previous administration. "Ethics is one area where rhetoric matters," said Wertheimer. At the same time, he added, "words must be followed by appropriate deeds to remain credible."

The 90-page Bush ethics reform package calls for a number of measures, including more detailed financial disclosure statements from federal officials; an extension of executive-branch conflict-of-interest statutes to all branches of government; and new "revolving door" restrictions to stop top-level officials, including lawmakers, from leaving government service and cashing in on their official positions by immediately lobbying their former employers or colleagues.

In urging a government-wide honoraria ban, the president's ethics commission criticized the payments as a threat to public confidence in government, saying, "Honoraria paid to officials can be a camouflage for efforts by individuals or entities to gain the officials' favor. The companies that pay honoraria and related travel expenses frequently deem these payments to be normal business expenses and likely believe that these payments enhance their access to the public officials who receive them."

The Bush ethics panel was the third national commission focusing on public service in recent months to urge an honoraria ban. The Quadrennial Commission on Executive, Legislative and Judicial Salaries and the National Commission on the Public Service, headed by Paul Volcker, also called for an honoraria ban.

A month before the Bush ethics report was issued, Congress dropped a proposal to abolish honoraria when a proposed 50-percent pay increase was defeated in the House and Senate. Under current law and congressional ethics rules, in 1989 senators will be allowed to keep up to $35,800 in honoraria fees, while House members will be allowed to keep up to $26,850.

Campaign Finance Reform

Momentum also is building for campaign finance reform.

In April, Senate leaders called for a bipartisan approach to cleaning up the system of financing congressional campaigns during a hearing before the Senate Committee on Rules and Administration.

On the same day that President Bush unveiled his ethics reform proposals, he announced plans for a comprehensive White House review of campaign finance laws and called for reform, a move reflecting significant change from previous years.

The new momentum for campaign finance reform presents a key test for Republicans who have blocked re-

form proposals in the past. For example, Senate Republicans' filibuster of S. 2, a comprehensive reform bill supported by a Senate majority in 1987 and 1988, blocked the Senate from voting on the legislation. The test this year, reform advocates say, is whether all parties are willing to sit down in good faith to negotiate a bipartisan agreement with all issues on the table for discussion. In the past Republican lawmakers have refused to even discuss campaign spending limits and public financing.

As the 1988 election results sharply illustrated, the current system is characterized by skyrocketing campaign spending, special interest influence and the overwhelming advantage enjoyed by incumbents over challengers. The average winning Senate candidate spent $4 million. PAC contributions to congressional candidates, which hit a record $150 million, also set two new milestones: Winning Senate candidates received an average of $1 million each in PAC contributions, and PAC contributions to House candidates hit a total of $100 million.

The pro-incumbent bias of PACs was even more lopsided in the 1988 race. For every PAC dollar given to a Senate challenger, $4 went to a Senate incumbent. For every PAC dollar given to a House challenger, $9 went to a House incumbent. Overall, House Democratic incumbents, who hold a significant majority, out-raised Republican challengers in PAC money by a 20-to-1 margin.

Key reform legislation — which would curb candidates' PAC receipts and establish an overall campaign spending limit coupled with public funding — is gaining support in the House and Senate. In the Senate, S. 137, sponsored by Majority Leader George Mitchell (D-Maine) and Sens. David Boren (D-Okla.) and Robert Byrd (D-W.Va.), now has 20 cosponsors.

In addition to establishing aggregate PAC limits and overall spending limits tied to public funding, the Senate bill would end the "soft money" abuses that occurred during the 1988 presidential campaigns. The Bush and Michael Dukakis campaigns raised tens of millions of dollars in private contributions and channeled the funds through state and local political parties to be spent on presidential campaign efforts, a violation of campaign law.

The House bill, H.R. 14, sponsored by House Majority Whip Tony Coelho (D-Calif.) and Reps. Jim Leach (R-Iowa) and Mike Synar (D-Okla.), has more than 90 cosponsors. ◆

Ethics Committee Questions Wright's Activities

In April the House Ethics Committee issued a Statement of Alleged Violations concerning House Speaker Jim Wright (D-Texas). "The allegations of improper conduct by Speaker Wright include substantial charges involving the limits on outside-earned income and the restrictions on gifts — key provisions of the House Code of Conduct established in 1977," CC President Fred Wertheimer said following the statement's release.

The Ethics Committee's statement does not represent a final judgment. The committee's rules require it to next hold a hearing to determine if there is clear and convincing evidence that violations have occurred. If violations are found the committee will then have to determine what if any sanctions to recommend to the full House for consideration.

Allegations concerning Wright's activities originally surfaced in the press. On May 18, 1988, Common Cause asked the House Ethics Committee to investigate possible ethics violations in the publication of a book by Wright and in his involvement on behalf of certain Texas S&Ls with the Federal Home Loan Bank Board. CC called for an outside counsel to conduct the inquiry.

On May 24, Wright said on television that he had offered the Ethics Committee his "full cooperation." On May 26, Rep. Newt Gingrich (R-Ga.) filed a formal complaint with the Ethics Committee; 72 Republican House members endorsed the proposal for an inquiry. The Ethics Committee voted June 9 to proceed and an outside counsel was retained on July 26.

In a statement following the Ethics Committee findings, CC noted the responsibility members of Congress have when they judge the ethical conduct of their peers. "Each member of the House of Representatives in any ethics proceeding has an overriding responsibility and obligation to the member involved and to the institution to make a fair-minded judgment without regard to partisan considerations," the statement said.

The Wright matter led some observers to raise broader questions about the rules of the House. In response to claims that higher ethical standards are being created, the CC statement said, "The issue facing members is not one of creating new, higher ethics standards but rather meeting and enforcing existing ones."

The committee is expected to move to the next stage of review sometime in May. ◆

Governing Board Election Results

Common Cause members elected seven incumbents and 13 new members to the 1989-90 CC National Governing Board. The newly elected members began their three-year terms in May.

Receiving the highest number of votes were Ruth Bamberger, William L. Guy and Harriet McCullough. The winners were announced April 3 by Common Cause's independent election committee. The 20, elected from a slate of 33 candidates, are:

Ruth Bamberger, Springfield, Mo. (reelected); CC governing board since 1986, serving on State Organization, Nominating and Budget Deficit Study committees; political science professor, Drury College; CC/Missouri state chair, 1982-85, and vice chair state issues, 1985-88; member/activist, League of Women Voters (LWV), ACLU, NOW, Sierra Club.

Paulette M. Caldwell, New York, N.Y. (reelected); CC governing board since 1986; law professor, New York University; member of advisory boards for NAACP Legal Defense Fund and ACLU; consultant, nonpartisan voter registration and education; member, Judiciary Committee, NYC Bar Association.

Walter Dartland, Tallahassee, Fla.; consumer advocate; brought successful class actions against major corporations, utilities, insurance industry; adjunct professor, University of Miami;

ALL THE PRESIDENT'S DONORS

Watergate closed out an era of fat-cat influence at the White House but a new one has begun.

THE MOSBACHER CONNECTION

COVER STORY

by Jean Cobb, Jeff Denny, Vicki Kemper and Viveca Novak

IT'S OCTOBER 1971. American Airlines Chairman and CEO George Spater is dining in New York with Herbert Kalmbach and another fundraiser for CREEP, the Committee to Re-elect President Nixon, when Kalmbach makes Spater a bold offer: Give $100,000 to CREEP and become part of a "select class" of Nixon supporters.

Spater is more than interested, mindful that American Airlines has about 20 substantial business matters pending with the federal government, including a proposed merger with another airline and new routes to Australia, the Orient and Europe. Spater arranges for American to make the contribution. Why? "There were two aspects," he later would tell the Senate Watergate Committee. ▶

EVERETT PECK

THE TEAM 100

The RNC did not release the professional affiliations of contributors to Team 100. *Common Cause Magazine* determined the connections of these individuals (as of 1988) using FEC records, news clips and other sources.

Food, Alcohol & Tobacco

Dwayne Andreas** Archer Daniels Midland
Louis Bantle U.S. Tobacco
James Boswell J.G. Boswell & Co.
W.L. Lyons Brown Brown, Forman Distilleries
John Dorrance** Campbell Soup
Tam Etheridge Choctaw Maid Farms
Jose 'Pepe' Fanjul Okeelanta Corp.
Donald Philip Kelly Beatrice Co.
Jack Laughery Imusco-Hardee
Howard Leach Cypress Farms
Howard Long Coronet Foods
Howard Margulies Sun World International
Ms. Myron Jean Martin Rancher
Mr. & Mrs. George Pillsbury Pillsbury
Amb. Robert Stuart Jr. Quaker Oats

Real Estate & Construction

George Argyros Arnell Development
James Baldwin The Baldwin Cos.
Peter Bedford Bedford Properties
Ralph Bodine The Marlin Group
John Bolt Chateau Land Development
Joe Ministrelli Chateau Land Development
William Bone Sunrise Co.
Burton Boothby MPM Inc.
Donald Bren Bren Investments; Irvine Co.
Fred Bullard Sound Builders; BCH Buildings
John Cafaro Cafaro Co.
Janet Silvestri Cafaro wife of above
A. James Clark Clark Construction
Alec Courtelis** Courtelis Cos.
William Lloyd Davis Davis Pacific
Edward DeBartolo Jr. DeBartolo Corp.
Robert DeMattia DeMattia Co.
E. Liwyd Ecclestone National Investment
Joseph B. Gildenhorn* JBG Associates
Albert Ginsberg Plaza Realty Investors
Kenneth Good Gulfstream Land & Development
Murray Goodman Goodman Co.
Sheldon Gordon Developer
Cheryl Halpern CFYM Associates
Charles Hostler* Pacific Southwest Capital; Black Mountain Commerce Park
George Kettle Century 21
John B. Kilroy Sr. Kilroy Industries
Jay Kislak** Kislak Mortgage
George Klein Park Tower Realty
Don Koll Koll Co.
Douglas Krupp Krupp Co.
Alan Landis Carnegie Center Assoc.
Gen. William Lyon The William Lyon Co.
Robert E. Maguire III Maguire/Thomas Partners; Peters Landing
Edgar Marston III Southdown Inc.
Leonard Miller Lennar Corp.
Herbert Morgan Real Title Co.
Robert Mumma Kimbob Inc.
David Murdock Pacific Holdings
Spencer Partrich Lautrec Acquisitions
Pauline Yachtman Petre VPX
J. Michael Queenan J. Michael Queenan & Assoc.
Richard Rubin Rubin Cos.

CONTINUED ▶

* Ambassadorial nominee
** Also gave to CREEP
*** Also gave $100,000 to the Democrats' soft money fund

"Would you get something if you gave it, or would you be prevented from getting something if you didn't give it?"

Fast forward to the 1988 election campaign. Eastern Airlines Chairman Frank Lorenzo comes up with $100,000 that helps the 1988 Bush presidential bid, putting him in a select group of Republican donors known as Team 100.

Lorenzo's airlines have several substantial matters pending with federal agencies in 1988 in addition to the usual government airline regulation. Eastern is locked in a bitter struggle with its unions, and the National Mediation Board is trying to settle the dispute. At the urging of the unions, two federal agencies have conducted probes to determine whether Eastern and another Lorenzo airline, Continental, are fit to continue operating.

Fast forward again to March 1989. George Bush, who has been in the White House for two months, sides with Lorenzo in the continuing Eastern dispute by rejecting the recommendation of the National Mediation Board, which had urged the president to create a federal emergency strike settlement board providing a 60-day cooling-off period. Days later the unions walk. It's the first time in the board's 56-year history that a president has declined to take its advice in any airline labor dispute.

Months later, Bush vetoes Lorenzo-opposed legislation that would have created a congressional "blue ribbon" commission to investigate the Eastern strike. And currently, the Bush White House is floating a veto threat against a House-passed bill that includes a "two-time loser" provision targeted at preventing airline owners in bankruptcy — read: Lorenzo — from buying out other airlines. "The Bush administration has pretty consistently taken a position that is against the interests of workers and in the interest of Lorenzo," charges John Mazor, spokesman for the Air Line Pilots Association in Washington.

Rep. Doug Bosco (D-Calif.), a critic of Lorenzo for more than a decade, believes that the airline magnate's $100,000 donation was an important part of his successful all-out lobbying blitz.

"Frank Lorenzo knows how to use and abuse this system very well," Bosco says. "A hundred thousand dollars is a big contribution. You don't give it anonymously and send it to a post office box; you give it to people who guarantee you'll be remembered for it. Anytime you give that kind of contribution you do it to have your name known among the highest echelons of the party."

Lorenzo is only one of 249 people listed as having provided $100,000 to Team 100, a big-money drive operated out of the Republican National Committee (RNC) by Robert Mosbacher, a longtime fundraiser for George Bush and chief fundraiser for Bush's 1988 presidential campaign. After Bush won the GOP nomination in August 1988, Mosbacher ran Team 100 at the RNC and raised more than $25 million that helped elect President Bush.

A *Common Cause Magazine* investigation reveals that Mosbacher's Team 100 is a veritable Who's Who of American business. The $100,000 contributors include 66 in the investment and banking community, 58 in real estate and construction, another 17 in the oil industry, and 15 from food and agriculture. Team 100 also includes members of the entertainment, cable, insurance, steel and auto industries.

Almost across the board, Team 100 members or the companies they are associated with want something from the government — whether it's broad policy initiatives like Bush's proposed reduction in the capital gains tax or favors more specific to a company or industry. Many gave their $100,000 at a time when they had significant business or regulatory matters pending with the federal government — or knew they likely would under the Bush administration. Most of those contacted declined to comment on their contributions.

Lorenzo's Continental Airlines asked the Transportation Department for approval in January to fly non-stop four times weekly between Houston and Tokyo. Already pending was its request to fly three weekly one-stop flights to Tokyo. In December Eastern landed a $52 million government contract to provide air travel to federal workers.

There's no evidence that Eastern Airlines received any special favors under the Bush administration as a result of Lorenzo's $100,000 contribution. Lorenzo's spokesman did not return repeated telephone calls, and the White House press office would not respond.

But there's a perception problem — and a risk of more than that. When an individual who has served as a presidential candidate's chief fundraiser seeks huge contributions from corporations, or their executives, it raises fundamental questions in the public's mind. Did the contributors give in an effort to influence government decisions? And will such contributions ultimately have this effect?

The Bush administration makes no pretense about maintaining an arms-length relationship with the Team 100 donors. They are wined and dined at the White House and at events held in their honor. They are given special briefings

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Jean Cobb is associate editor, Jeff Denny is senior research associate, Vicki Kemper is editorial consultant and Viveca Novak is senior staff writer. Editorial assistant Amy Young, research assistant Warren Cohen and interns Peter Indivino and David Hyden helped with research.

and regularly hobnob with ranking Bush appointees.

Meanwhile corporate executives and others on Team 100 are being asked to continue giving big money. "They're still giving to the party, it's not like they dropped off after the presidential year," explains Mary Matalin, chief of staff of the RNC. "They're still Team 100 guys, and they're still giving $25,000 a year, which is how it works."

According to Matalin, Team 100 members are now giving $25,000 a year and in 1992 will give an additional $100,000. So by the time Bush runs for reelection, donors who stay on Team 100 will have contributed at least $275,000.

Neither Mosbacher nor the RNC would fully disclose the extent to which corporations themselves contributed to Team 100, which, as *The New York Times* noted in an editorial, would "make it easier for the public to see if big donors are rewarded with White House favors." In November 1988, the RNC disclosed about a fifth of its $100,000 contributors.

Then in January 1989, when Mosbacher's Senate confirmation as Commerce secretary was threatened by the refusal to make a full disclosure of the $100,000 donors, the RNC released the Team 100 list. An RNC spokesman said 30 percent of the names on the list represented contributions from corporations, but the party won't say which ones. In other words, it's still not clear, 17 months after the election, whether Frank Lorenzo's $100,000 contribution came out of his own pocket or out of Eastern's corporate coffers.

Using the Federal Election Commission's records and numerous other sources, *Common Cause Magazine* has linked the Team 100 names with their corporate and other business affiliations. In describing Team 100 members' business before the federal government, this story does not distinguish between corporate and personal contributions, except where the RNC has made it clear.

Mosbacher did not answer a list of questions submitted by *Common Cause Magazine* in connection with this story. "The secretary is too busy to respond," says Marci Robinson, a Commerce Department spokeswoman.

THEY'RE BACK

As Team 100 chairman, Mosbacher set out to raise $100,000 contributions from corporations and wealthy individuals, saying he was responding to a similar fundraising drive mounted by Michael Dukakis's finance chairman Robert Farmer. The two men together injected more than $45 million in large private contributions into the 1988 presidential race.

Some question the legality of these fundraising drives. Corporate and labor union contributions have been illegal in federal elections for decades. American Airlines pleaded guilty and was fined in 1973 for its contributions to the Nixon campaign (Spater was not charged because he voluntarily disclosed the corporate contribution). In addition, post-Watergate reforms limited contributions from individuals to $1,000 per election. And those same reforms created a public-financing mechanism for presidential campaigns to prevent the corrupting impact of private money. Bush and Dukakis each received $46.1 million in public funds, as their parties' nominees, and that's all the presidential candidates were supposed to spend.

But the Bush and Dukakis campaigns seized on a way to raise more and get big-money contributors back into the business of helping elect the president. It's called soft money, and the system worked like this: Mosbacher and Farmer, working out of their national parties, raised the $100,000 contributions. The money was directed, reportedly by presidential campaign officials, to party affiliates in states where the presidential contest was expected to be close. From there the money was spent on "ground war" campaign activities, such as get-out-the-vote drives. The soft money windfall also allowed the campaigns to devote their public funds to an expensive "air war" — broadcast advertising.

Critics charge that the soft money system is nothing more than a laundering operation designed to bring illegal federal contributions into federal elections. But Republican Party officials contend that the Team 100 contributions were not for Bush, but for the party. They concede that many Team 100 members are longtime Bush supporters, and naturally contributors wanted to help the party because it would help Bush. But they claim that soft money is aimed at candidates up and down the party's ticket, in theory all the way down to local school board candidates. "It's very clear that people gave money to the party because they support the party, the issues and the candidates," maintains Leslie Goodman, the RNC's press secretary.

But the distinction disappears when fundraisers associated with the presidential campaigns are involved in raising soft money. For example, A.G. "Gus" Spanos, the nation's 16th largest builder, gave $100,000 because "he really liked George Bush and Bush was behind in the polls and he wanted to help him," according to a Spanos spokeswo-

ROBERT MOSBACHER
Chief fundraiser for Team 100
— now Commerce secretary

Almost across the board, members of Team 100 want something from the government.

FRANK LORENZO
Controversial airline operator

UPI/BETTMAN NEWSPHOTOS

DWAYNE ANDREAS
Globetrotting agribusiness executive

WIDE WORLD PHOTOS

man. The same goes for Thomas Blair, who gave his $100,000 contribution when he was president of Jurgovan & Blair, an employee health benefits management company now called Direct Help. "I thought Bush was the best candidate," Blair says. "I contribute to help candidates win."

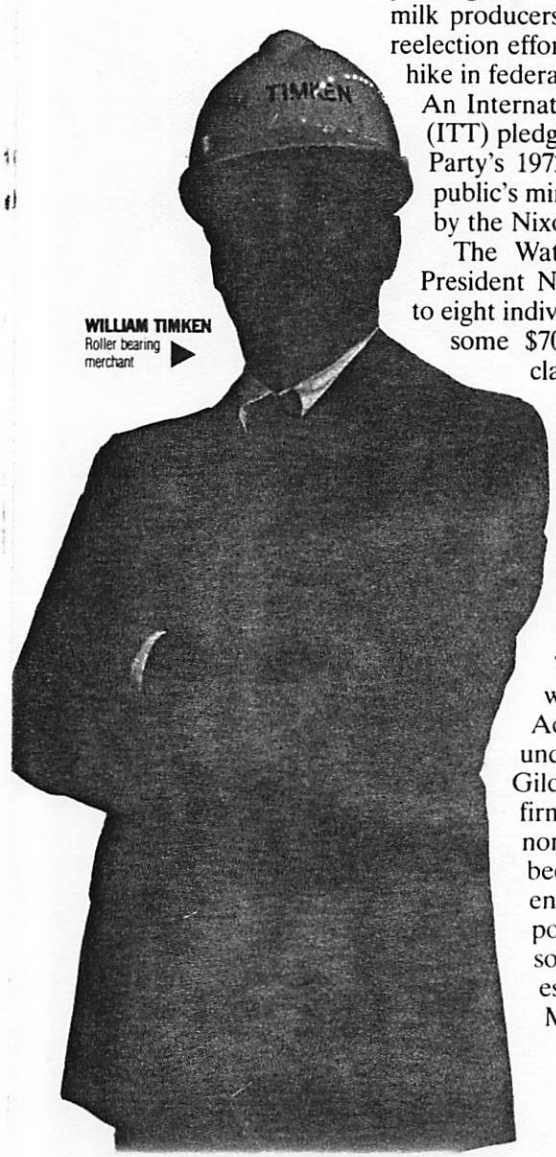
Other GOP officials concede the obvious: The soft money system was the way for mega-donors to help Bush. "I can't read the mind of guys who write checks for $100,000," says Keith McNamara, chairman of the Ohio Bush-Quayle campaign in 1988, "but I assume they are not naive or stupid, and I assume they know they could not write a check for $100,000 — or a dollar and a half — to the presidential campaign, but could help build the party, which in turn in its way has to inure to the benefit of the presidential candidate."

"These are people who are highly successful, who don't *need* to give $100,000 to get access to the president," says a Republican Party spokeswoman.

THEY DON'T NEED ACCESS

As the Watergate investigation found, CREEP solicited contributions of $100,000 and more from a number of corporate officials and received some $750,000 in illegal contributions from 12 corporations that had business matters pending before the federal government. The milk producers pledged $2 million to Nixon's reelection effort and, it was alleged, received a hike in federal milk price supports as a result. An International Telephone and Telegraph (ITT) pledge of $400,000 to the Republican Party's 1972 convention was linked in the public's mind to a favorable antitrust ruling by the Nixon Justice Department.

The Watergate probe also found that President Nixon awarded ambassadorships to eight individuals who together contributed some $700,000 to CREEP. Nixon declared in a 1974 news conference that "ambassadorships have not been for sale," but that same day Herbert Kalmbach pleaded guilty to promising an ambassador to Trinidad a better post in Europe in return for a $100,000 contribution.



WILLIAM TIMKEN
Roller bearing merchant

President Bush has awarded ambassadorships to seven Team 100 contributors. Two were criticized by the American Academy of Diplomacy as being unqualified for the posts: Joseph Gildenhorn, who has been confirmed, and Joy Silverman, whose nomination the Senate has rejected because she lacks relevant experience. "Such appointees may well possess qualifications beyond personal wealth or fundraising prowess," Sen. Paul Sarbanes (D-Md.) said during the confirmation hearings of several ambassadorial nominees. "But even when that is true, the appearances are that they *bought* their jobs."

Republican Party officials reject the notion that big donors were trying to buy influence or favors from the White House — or that they would get them.

"I'll tell you the reality of it: It is not buying access," the RNC's Mary Matalin told *Common Cause Magazine*. "You can keep making that argument, and the facts fit it, but it's not the right thing, I'm telling you.

"These are people who in their walks of life are highly successful people who don't *need* to give $100,000 to get access to the president," Matalin says.

"Every week," Matalin continues, "Lee Atwater has a meeting with one of these guys if they're in town. They want to come in and they just move around in these circles. But they don't need Lee, or they don't need anybody to go and see the president. They've got all these high-powered lawyers who lobby for them if they happen to do business with the government. . . . [White House Chief of Staff] John Sununu or [GOP Chairman] Lee Atwater would never let somebody go in to see the president who is going to strong-arm him or something because they're a Team 100 guy. It just does not work that way. It just flat-out doesn't."

David Dorsen, one of the three assistant chief counsels of the Senate Watergate Committee in 1973, says the parallels between 1972 and 1988 are striking.

"In 1988 I think the same material is there for investigation and the perception that there is a quid pro quo exists," Dorsen says. He speculates that "if there were a full-fledged investigation, some really interesting things would turn up."

WHO ARE THEY AND WHAT DO THEY WANT?

One of President Bush's top economic priorities has been to cut the tax on capital gains, profits made when assets such as stocks, bonds and real estate are sold. Under the 1986 tax reform bill, the capital gains tax preference was eliminated in exchange for lower income tax rates for individuals in the top brackets. But before the election, the Reagan administration began to make noises about lowering the capital gains rate again — in effect, undoing the deal — and Bush used the issue as a campaign plank, claiming a cut in the capital gains tax would stimulate new investments.

Bush wants the cuts to be retroactive, benefiting the sale of not only assets purchased after the break takes effect, but assets purchased years ago — undercutting his argument that the goal is to encourage new investments. Tax reform advocate Robert McIntyre, head of Citizens for Tax Justice, says the Bush plan "has a

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lot to do with campaign contributions," adding, "The people who are lobbying for it are the people who are already rich and who make a lot of campaign contributions."

Bush's proposed tax break undoubtedly would provide an avalanche of financial benefits to individuals involved in finance, oil and real estate. These interests are well represented on Team 100.

RISKY BUSINESS — Many of the big names in hostile takeovers, leveraged buyouts, stock buybacks, mergers and acquisitions and other high-risk, big-money deals gave $100,000 to the Republicans, at least $6.6 million all told.

Among the $100,000 contributors are prominent raiders Ronald Perelman and William Belzberg, and leveraged buyout artists like Henry Kravis and George Roberts. Takeover engineers T. Boone Pickens and Meshulam Riklis also made the Team. And so did officials of RJR Nabisco, Beatrice, Occidental Petroleum, Coastal and SCI Holdings, companies for which Drexel Burnham Lambert, the giant bankrupt brokerage house, underwrote high-risk debt during the 1980s.

Team 100 donor Charles H. Keating Jr. also financed dicey deals before the government seized his Lincoln Savings and Loan Association. A target of a $1.1-billion U.S. government fraud and racketeering suit, Keating's thrift underwrote the now-souring broadcast deals of two other mega-raiders on Team 100, Saul Steinberg and George Gillett. Keating also financed $30 million in junk bonds for Lorenzo's takeover of Eastern, which is in bankruptcy.

What do these so-called risk-arbitrageurs want from the Bush administration? "Status quo," Columbia University economics professor Louis Lowenstein says. "What they have in the United States is almost no rules on how the game gets played," and they want to keep it that way.

This community also wants the Bush administration to relax a year-old regulation that is making banks more reluctant to finance big deals, a problem now that junk bonds are an endangered species. Under the new rule, banks must use a standard government definition of risk when reporting how many chancy deals they've financed. Previously banks could themselves define risk, making it easier to gloss over shaky portfolios. The problem is, when risky loans from banks fail, the taxpayers have to bail them out "and there'll be a replay of the savings and loan bailout," Lowenstein predicts.

Billionaire raider Paul Bilzerian gave at least $100,000 to Team 100 at about the time the Securities and Exchange Commission (SEC) was investigating alleged securities fraud by Bilzerian. In December 1988, in a suit brought by the Justice Department, Bilzerian was indicted on 12 counts of securities and tax fraud, conspiracy and making false statements to the government. Edward DeBartolo Jr. and a DeBartolo corporation gave $100,000 and $250,000 respectively. The SEC was also looking into the possibility that DeBartolo's father, Edward Sr., was an accomplice to Bilzerian. DeBartolo Sr. got a deal: Pay back more than $2 million in allegedly illegal profits while neither admitting nor denying guilt. Bilzerian wasn't so fortunate. He is now appealing a four-year prison sentence and a $1.5-million fine.

Team 100 member Bill Belzberg, who gave $100,000, belongs to a Canadian family of corporate raiders that was hit by a 1988 Federal Trade Commission lawsuit charging that they violated federal takeover restrictions in connection with their acquisition of Ashland Oil stock two years earlier. A similar suit was filed against $100,000 donor Donald Trump that year. Both suits were settled the same year.

BLACK GOLD — George Bush made a sizable fortune in the oil industry, and his election effort attracted considerable support from that sector. In all, oil companies or their executives contributed at least $1.7 million to the Bush campaign. Team 100 members include executives of Atlantic Richfield Company, Alkek Oil, Amerada Hess Corp., Fina Oil, Occidental Petroleum, Phillips Petroleum and other oil investors and producers.

A number of oil companies, Occidental in particular, are interested in opening up offshore drilling in California and Florida. For this they have a friend in the Bush cabinet: Interior Secretary Manuel Lujan Jr. Lujan has strongly opposed the current congressional ban on further offshore drilling in those states (see page 30). Assisting the administration in this controversy will be Barry Williamson, appointed by Bush to head an Interior Department office that controls oil and gas leases on the Outer Continental Shelf. He is the son-in-law of $100,000 donor Robert Holt, a Midland, Texas, oilman, rancher and key Bush fundraiser.

With oil imports on the rise and the nation's petroleum reserves unusually low, many oil executives are pushing the Bush administration to call for tax breaks that they say would stimulate domestic drilling. Another item on the industry's wish list is the opening up of Alaska's Arctic National Wildlife Refuge for exploratory drilling.

The nation's seventh-largest oil company, and the one with the greatest stake in the Alaska oil drilling dispute, is Atlantic Richfield Co. In 1988 Arco Chairman Lodwrick M. Cook and President and CEO Robert E. Wycoff together contributed at least $200,000 to the Bush effort. Company spokesman Albert Greenstein says Cook has long been a Republican Party supporter and that he chaired a gala at the Republican Party's 1988 national convention where

Richard Sambol Sambol Construction
Mel Sembler* Sembler Co.
Charles Shelton Sr. Shelton Cos.
Ed Shelton Shelton Cos.
Jeffrey Silverman Ply-Gem Industries
Joy Silverman* wife of above
Donald Smith Jr. Devcon International
Gordon Smith Miller & Smith Inc.
Alex G. Spanos A.G. Spanos Construction
A. Alfred Taubman*** The Taubman Co.
John Tedesco Coastal Group
Kathryn G. Thompson A&C Properties; K.G. Thompson Co.
Howard Wilkins Jr.* The Maverick Co.; Maverick Development
Lynn Wolfson Venture W
Joseph Zappala* Zappala & Assoc.

Investors, Bankers and the Super-Rich

Randolph Agley, Michael Timmis Talon
Chris Axentiou Universal Brokerage Corp.
J. Patrick Barrett Carpat Investments
Lee M. Bass Lee M. Bass Inc.
Mr. & Mrs. Robert Bass*** The Robert Bass Group; Bass Brothers Enterprises
Patricia Beck Patricia Beck Enterprises
Bill Belzberg First Financial
Paul Bilzerian Singer Co.
Gerald Blakely Jr. Blakely Maddox Investment
David Brennan Brenlin Group
Raymond Chambers Wesray Capital
E.B. Chester Peoples Bank & Trust
Dan Cook III Goldman Sachs
Edward Cook Cook International
Jack Copeland Copeland Wickersham Wiley & Co.
Trammel Crow Trammel Crow Co.
J. Morton Davis** DH Blair & Co.; Engex
Marvin Davis*** Davis Companies
Richard O'R. Dowling Hermes Investment
Maldwin Drummond Self-employed investor
Asher Edelman Arbitrage Securities
Lewis Eisenberg Goldman Sachs
William S. Farish W.S. Farish & Co.
Leonard Firestone** Self-employed investor
Arnold & Richard Fisher Fisher Bros.
Max Fisher** Self-employed investor
Joseph Fogg III Morgan Stanley
Nicholas Forstmann Forstmann Little
Theodore Forstmann Forstmann Little
Bradford Freeman Riordan, Freeman & Spogli
W. Grant Gregory Gregory & Haenemeyer
Jim Higgins JDH Enterprises
F. Ross Johnson RJR Nabisco
Robert Wood Johnson IV Johnson Co.
Charles Keating Jr. American Continental
John Kluge Metromedia
Henry Kravis Kohlberg, Kravis, Roberts
Ronald Lauder Lauder Cosmetics
Carl Lindner*** American Finance
Brian Little Forstmann Little
Donald B. Marron Paine Webber
Louis Marx Prospect Group
W.G. Champion Mitchell RJR Nabisco
Peter O'Donnell Self-employed investor
Santo Panzarella St. Paul Capital
Ronald Perelman*** Revlon; MacAndrews & Forbes
Earl Phillips First Factors
T. Boone Pickens Mesa Ltd.
Frank Richardson Wesray Capital
Meshulam Riklis** Rapid American
Duane Roberts DRR Investments
George Roberts Kohlberg, Kravis, Roberts
David Rockefeller Sr. Chase Manhattan
Stephen Ross Related Cos.
Herman Sarkowsky Sarkowsky Investments
Dudley Schoales Morgan Stanley
Mrs. Dudley Schoales wife of above

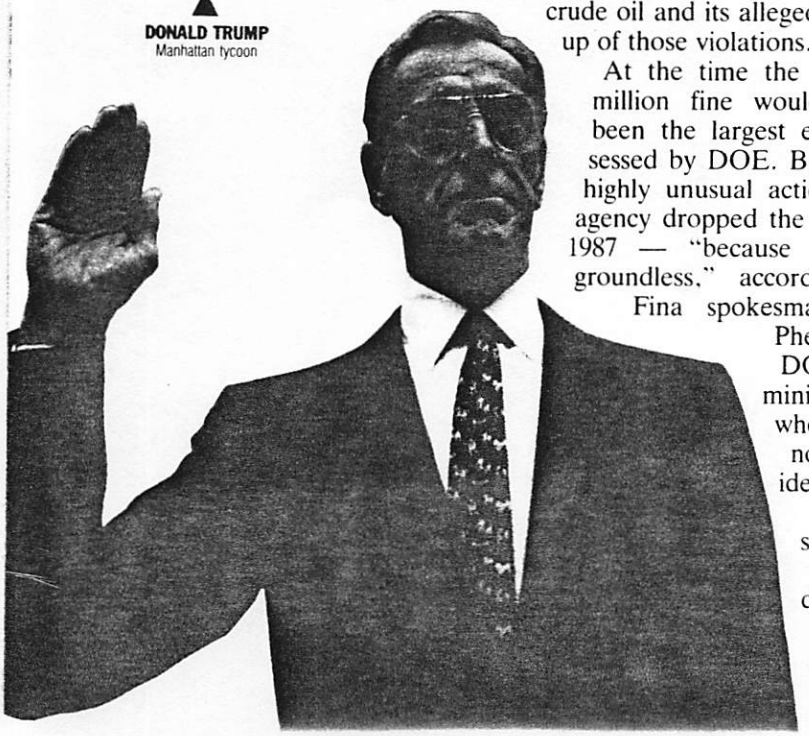
CONTINUED ▶

* Ambassadorial nominee
** Also gave to CREEP
*** Also gave $100,000 to the Democrats' soft money fund

RONALD PERELMAN
LBO artist and billionaire cosmetics maker

Bush's proposed capital gains tax cut would provide an avalanche of benefits to high rollers on Team 100.

DONALD TRUMP
Manhattan tycoon



CHARLES KEATING
Ex-S&L kingpin

more than $2 million was raised.

The same year that Arco's top two executives were joining the ranks of Team 100, the Internal Revenue Service notified the company that it owed the government more than $1 billion in allegedly unpaid windfall profits taxes and interest. Arco appealed the claim; the matter is pending.

Arco is also the defendant in an important antitrust case, in which an independent gasoline distributor has charged that Arco violated federal antitrust laws by cutting its prices and thereby bankrupting smaller competitors. The Bush administration has sided with the oil company. When the case was argued before the U.S. Supreme Court last December, the U.S. solicitor general, acting as a "friend of the court," contended that Arco's actions had not violated antitrust laws. A decision on the case is expected soon.

American Petrofina, a Dallas-based oil producer and refiner, has not been a big political contributor, FEC records show. Chairman Paul D. Meek, however, ended up as a Team 100 donor.

Fina Oil had a close and potentially expensive brush with the Department of Energy (DOE) during the 1980s. A 1982 DOE investigation concluded that between 1979 and 1980 Fina had boosted its crude oil prices some $349 million over the amount allowed under federal oil-price controls. DOE and Fina had reached a tentative settlement on that case but, according to government documents leaked to *The Dallas Morning News*, Fina employees later told the DOE that company executives, including Chairman Meek, had known about the oil overcharging scheme and acted to conceal it.

The *News* reported in December 1986 that DOE planned to propose an $841.1-million fine against Fina for its alleged overcharging for crude oil and its alleged cover-up of those violations.

At the time the $841.1-million fine would have been the largest ever assessed by DOE. But, in a highly unusual action, the agency dropped the case in 1987 — "because it was groundless," according to Fina spokesman Bill Phelps. A DOE administrator, who asked not to be identified, would say only that "a decision was made not to [proceed]." But a non-government source familiar with the case said it was dropped against the advice of DOE attorneys.

According to Phelps, Fina Chairman Meek contributed $100,000 in 1988 because Mosbacher, an oil man himself, "said we'd get to be on the winning team." The company had no business or legal matters pending with the government when the company made its contribution, Phelps says.

Occidental Petroleum Corp. did have an oil overcharging case pending before the Department of Energy when, according to the RNC, Paul Hebner, an executive vice president, contributed $100,000 in company funds to the Team 100 effort. In September 1988 the Energy Department proposed a $710-million fine against Occidental for alleged oil-price violations committed by Cities Service Oil and Gas Corp. before it was acquired by Occidental. But in February 1989 DOE announced it had settled with Occidental for a fine of only $150 million, or 21 cents on the dollar.

Three months later Rep. John Dingell (D-Mich.) asked the Energy Department and the General Accounting Office to investigate charges that, when the case was pending in 1988, then-Energy Secretary John Herrington had intervened in the case. Occidental CEO Armand Hammer had requested his help. The inquiries are still pending. Hammer was convicted of violating campaign finance rules during Watergate and was subsequently pardoned by President Reagan.

LAND SHARKS — Real estate moguls, developers and construction companies contributed some $5.8 million to Team 100. In fact one of them, Florida mega-developer Alec Courtelis, currently heads the team now that Mosbacher is U.S. Commerce secretary. Courtelis, himself a $100,000 donor, recently was mentioned in *The Washington Post* as having pushed the Bush administration to appoint a major Democratic fundraiser to the Interstate Commerce Commission to "take him out of the fundraising business."

Two names from the Team 100 list who are into real estate big-time surfaced last year during investigations of the Department of Housing and Urban Development (HUD) for allegedly distributing special favors to friends and political supporters.

According to an internal HUD report, a former acting assistant secretary with the agency arranged to sell the William Lyon Co. 827 acres of rural south Orange County, Calif., real estate in 1985 even after being warned by the HUD general counsel that Lyon's original bid was not the best offer. William "The General" Lyon, a former Air Force pilot and retired two-star general who began building look-alike low-cost homes in the 1950s, got the Robinson Ranch

NESHAN NALTCHAYAN

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WIDE WORLD PHOTOS

property for $16 million after he was allowed to submit a second bid — an opportunity not given to other bidders, the HUD report said. In fact, the land may have been worth as much as $35 million at the time, agency documents show. According to news reports last fall, the company had gross income of $72 million to $97 million from roughly 400 homes sold on the property by then. Since 1983, Lyon and his wife Willa Dean have contributed at least $115,000 to Republican campaigns, and in 1988 his company gave more than $100,000 through Team 100.

Another name to surface in the HUD investigation is that of Stephen M. Ross, president of the Manhattan-based real-estate conglomerate Related Companies Inc. The firm or its subsidiaries have been involved as partners or management agents in more than 100 HUD projects. According to a report in *The Wall Street Journal*, Ross and several other developers received preferential treatment when they got HUD funding for a 316-unit project in Amherst, N.Y.; in addition, a critical waiver of HUD regulations was granted in 1988, saving the developers from losing their $1.8 million annual rent subsidy.

RICH FOOD — Executives of some of the biggest names in agribusiness and food products manufacturing — including Beatrice, Campbell Soup and Quaker Oats — signed up for Team 100. With interests that range from crop supports to ingredient labeling, the food interests are well versed in Washington's workings.

Among these, Dwayne Andreas, CEO and chairman of Archer Daniels Midland Corp., is in a class by himself. The nation's largest food processor, ADM posted $6.8 billion in sales in 1988, much of it from soybean products, corn sweeteners and ethanol — all of which rely heavily on federal subsidies.

Cut from the same cloth as famed globetrotting executive Armand Hammer, Andreas is friend to presidents, congressmen and Soviet leader Mikhail Gorbachev. He's also a $100,000 contributor whose generous donations date back at least as far as the Watergate scandal. Andreas's $25,000 contribution to CREEP, found in the account of a Watergate burglar, helped crack the break-in case. He gave Nixon's campaign a total of $200,000.

If there's any clue to what ADM could get from the Bush administration, consider what it has gotten in the past. ADM controls about 55 percent of the market in ethanol, a corn-based fuel that can be mixed with gasoline. But ethanol is not even remotely cost effective without massive government subsidies, mostly through a two-thirds' exemption from the federal gasoline excise tax.

Several years ago, the drop in oil prices made ethanol less attractive and threatened to put some smaller producers out of business. The government bailed the industry out with $54 million worth of free corn — and ADM took more than half of the subsidy. ADM has also successfully lobbied for tough government restrictions on foreign ethanol imports.

Four years ago the Agriculture Department issued a blunt report saying ethanol production "cannot be justified on economic grounds." But alternative fuels are now on the administration's agenda. "The president is keenly interested in this subject," says Dave Lindahl, head of the Department of Energy's alcohol fuels division. The administration's version of the Clean Air Act reauthorization package called for greater use of alternative fuels. The bill is now being negotiated in Congress. In addition, Bush's Treasury Department has proposed tax credits for ETBE, a new fuel additive made from ethanol. Analyses show the subsidy could cost the government $500 million over the next five years.

As the nation's largest maker of high fructose corn syrup, ADM wants high sugar prices so it can sell its products for just a little less. ADM, in partnership with domestic sugar growers, has repeatedly and successfully lobbied Congress and the White House to block sugar imports — boosting the fortunes of people like Andreas while hurting the economies of some of the same Caribbean nations whose ethanol the U.S. won't accept either.

In soybeans, ADM is more concerned with exports than imports. Several years ago, the American Soybean Association alleged that U.S. producers and exporters of oilseeds were being harmed by European soybean subsidies. U.S. Trade Representative Carla Hills has gone to bat for the industry and in December a panel of the General Agreement on Tariffs and Trade decided in favor of the U.S. No agreement has yet been reached on a remedy, but an end to European Community subsidies "would be greatly significant" for soybean processors like ADM, says Brose McVey, executive vice president of the National Oilseed Processors Association.

BIG DEALS — John McGoff, a controversial former newspaper publisher, gave $100,000 to the Team in 1988 at a time when federal investigators were checking into various aspects of his business dealings.

McGoff became internationally notorious in the late 1970s when he was implicated in a scandal involving top South African government officials who created a multimillion-dollar secret slush fund for an overseas propaganda campaign to bolster their country's image. The affair brought the fall of the South African government in 1978, but not of McGoff.

McGoff was using South African government

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Stephen Schwarzman Blackstone Group
Thomas Spiegel Columbia Savings & Loan Assoc.
Saul Steinberg** Reliance Group Holdings
Jack Stephens Stephens Inc.
Ivan Tillem Pacific Financial
Donald Trump Trump Organization
George Valassis Franklin Enterprises
Thomas Walker Goldman Sachs
John Whitehead Investment banker

Oil

Albert Alkek Alkek Oil
Bruce Calder Oil producer
Lodwrick Cook Atlantic Richfield
Robert Day Freeport-McMoRan; Trust Co. of the West
Michel Halbouty Halbouty Energy
Frederic Hamilton Hamilton Oil
Paul Hebner Occidental Petroleum
Leon Hess** Amerada Hess
Robert Holt Oil producer
Mary Ralph Lowe Oil investor
Paul Meek American Petrofina
Robert Mosbacher** Mosbacher Energy
William Moss Oil investor
James Paul Coastal Corp.
Chesley Pruet Pruet Drilling
C.J. Silas Phillips Petroleum
Robert Wycoff Atlantic Richfield

Manufacturing

Craig Berkman Synektron
Donald Bollinger Bollinger Machine Shop
Richard DeVos Amway
Michael Dingman The Henley Group
Delbert Dunmire*** Growth Industries
Bob Gaddy Pace Industries
Stan Gault Rubbermaid
Seymour Graham Kama Corp.
Henry Hillman The Hillman Co.
R.D. Hubbard AFG Industries
James T.Keenan Pace Industries
James F. Keenan Pace Industries
Susan Keenan Pace Industries
John McConnell Worthington Industries
Robert Meyerson Telxon
Ervin Nutter Elano
William Timken** Timken Co.
Jay Van Andel Amway

Automobiles and Transportation

Bert Boeckmann Galpin Motors
James Click Jim Click Ford
Peter Cook Mazda Great Lakes
Richard Duchossois Duchossois Enterprises
David T. Fischer, Ken Meade Suburban Motors
Frank Lorenzo Eastern Airlines
M.J. Moroun Central Transportation; Centra Inc.
Michael Parker Parker North American
Roger Penske Sr. Penske Corp.; Hertz Penske
Heinz Prechter American Sunroof
John Rollins** RLC Corp.
Delford Smith Evergreen Helicopters

Media, Entertainment

Walter Annenberg** Triangle Publications
Mike Curb Curb Communications
Bill Daniels Daniels & Associates

CONTINUED ON PAGE 38 ▶

* Ambassadorial nominee
** Also gave to CREEP
*** Also gave $100,000 to the Democrats' soft money fund

Illegal Money and the '88 Campaign

by Fred Wertheimer

The idea has gotten around that the "soft money" the presidential candidates used to supplement their federal campaign dollars was raised through a loophole in the 1974 presidential campaign finance law. That's nonsense. There is no loophole. Soft money is illegal.

In 1988 the Bush and Dukakis campaigns broke the campaign finance law and they did it in a big way. They each raised more than $20 million in soft money — or sewer money, as it's sometimes aptly called.

These contributions, channeled through state party organizations, came from sources and in amounts that are expressly prohibited in federal elections. In January, for example, the Republican Party released (but did not accurately disclose) the identities of 249 contributors who each gave $100,000 or more in soft money for the Bush campaign.

The violations occurred because the agency created to enforce the law, the Federal Election Commission, utterly failed to do its job. Soft money has undermined the post-Watergate law that was enacted specifically to protect the integrity of the presidency by insulating it from large, private campaign contributions.

Before the Bush and Dukakis campaigns each accepted $46.1 million in taxpayer funds for their general election campaigns, they certified — as a condition for receiving the public money — that they would not raise or spend any private money for their campaigns. Obviously, they broke that pact with the American people.

Officials for the presidential campaigns claim that the $100,000 contributions they raised from individuals — and, in the case of the Bush campaign, also from corporations — were for local "party building" activities and therefore did not violate the laws governing a presidential campaign. The claim is fiction: People don't make $100,000 contributions to presidential campaign fundraisers to help local candidates run for the state legislature.

During the campaign, the head of the Republican victory fund in Texas, John H. Weaver, said of Republican soft money efforts: "Obviously the emphasis is on George Bush." Peter D. Kelly, chairman of the California Democratic Party, said that the "whole theory behind" the soft money effort was to raise enough money to help Gov. Michael S. Dukakis win the state.

In fact, before the Bush campaign launched its own soft money drive, the Bush deputy campaign manager, Richard Bond, called the Dukakis campaign's soft money drive "illegal on its face." He was certainly correct.

It's not only campaign officials who know full well these actions are suspect. Concerns about soft money abuses were formally raised with the Federal Election Commission as early as 1984. And in response to a lawsuit brought by Common Cause, Thomas Flannery, a United States district judge, found in 1987 that the commission's refusal to take any regulatory action on soft money was "contrary to law."

Judge Flannery noted that the commission's failure to act "flatly contradicts Congress's express purpose" and ordered the agency to issue soft money regulations. Then, in August 1988 — after another year of inaction by the commission — Judge Flannery issued a second opinion: "It is undisputed that there is a public perception of widespread abuse, suggesting that the consequences of the regulatory failure identified a year ago are at least as unsettling now as then."

He added, "The climate of concern surrounding soft money threatens [to bring about] the very 'corruption and appearance of corruption' by which 'the integrity of our system of representative democracy is undermined,' and which the [post-Watergate reform law] was intended to remedy."

Soft money has undermined the post-Watergate law that was enacted specifically to protect the integrity of the presidency.

One of the most bitter lessons learned from the Watergate scandal 16 years ago is that huge contributions to presidential campaigns fuel corruption in government. The 1974 presidential campaign finance law, passed following that scandal, prohibited these abuses.

Now it's up to Congress to reaffirm its clear meaning and purpose in enacting that law. Legislation that would explicitly forbid soft money contributions in presidential elections has been introduced by the Senate majority leader, George Mitchell, with Sens. David Boren and Robert Byrd. It deserves widespread support and prompt action.

Congress must make clear that the law means what it says: $100,000 campaign contributions to bankroll a presidential candidate are intolerable in our society. ◆

Fred Wertheimer is president of Common Cause. This article is reprinted from The New York Times.

CC Seeks Full Disclosure of Soft Money Donors

In January Common Cause urged the Senate Commerce Committee not to take action to confirm Robert A. Mosbacher as Bush's new secretary of commerce before requiring disclosure of the names of donors who had given $100,000 or more to help finance George Bush's presidential campaign.

Mosbacher had headed up the "Team 100" effort, which raised $25 million for the benefit of the Bush campaign in donations of at least $100,000 each from corporations and wealthy individuals.

Scheduled to testify at the confirmation hearing was CC President Fred Wertheimer, who said he would use this occasion to urge the Senate committee to require disclosure of Team 100 donors.

On the day before the hearing, the Republican National Committee released the names of 249 individuals it said had contributed at least $100,000 for Team 100. CC subsequently wrote to members of the Senate, saying the disclosure of names was "inadequate and misleading." The numerous corporations that made contributions were hidden by naming individuals as "representatives" rather than naming the corporations themselves. The "representatives" were not identified as such, leaving it totally unclear where the money actually came from. "By failing to identify the numerous corporations that apparently made contributions of $100,000 each to Mr. Mosbacher's Team 100 for the benefit of the Bush campaign, the disclosure leaves out information crucial to ensuring the integrity of decision-making at the Commerce Department under Mr. Mosbacher," CC's letter said. "As such, the disclosure falls far short of providing the information necessary to allow the public to be able to identify any possible connections that might arise between the soft money contributions and any direct interest the contributions may end up having in issues pending before the Commerce Department under Mr. Mosbacher's leadership.

"We believe it is essential, therefore, that the Senate require a full and accurate public disclosure to be made of the identity of the actual Team 100 contributors prior to a vote on the confirmation of Mr. Mosbacher."

The Senate confirmed Mosbacher; Common Cause is still urging full disclosure of the Team 100 list. ◆

CC Launches Shareholder Resolution Campaign

CC's corporate shareholder campaign is up and running. Campaign finance resolutions will be introduced at the annual meetings of at least eight Fortune 500 major corporations in April and May.

The shareholder resolution campaign is CC's latest effort to expand the fight for campaign finance reform. It seeks to make business leaders publicly accountable for their corporate PACs' activities. As CC President Fred Wertheimer told the *Wall Street Journal*, "We want the management of these corporations to examine the role that they are playing in the political process, because we've got a corrupt campaign finance system and their political action committees are part of that corrupt system."

CC Governing Board member Edward Cabot is the architect of the campaign, which began with a letter sent last fall to 2,700 CC leaders and activists seeking stockholders in 35 major corporations. After more than 100 members said they were willing to introduce resolutions, 10 companies were chosen.

The companies' annual meetings will be held in eight states in the East, West, South and Midwest, providing opportunities for broad public discussion. Other criteria used to select the companies were the size of their PACs and shareholder votes on social responsibility resolutions introduced in 1988.

The CC resolution asks corporations to issue a report to shareholders disclosing all congressional contributions made by their PACs for the past five years and to include in the report a statement of company policy toward campaign finance reform legislation, including spending limits and limits on PAC giving.

Six companies sought permission from the Securities and Exchange Commission (SEC) to omit the CC resolutions from proxy statements that the companies send to shareholders prior to their annual meetings. (Under SEC regulations, there are 13 grounds under which a proposal may be omitted.) By the end of February, the SEC had ruled in CC's favor on requests by American Express, General Electric, Mobil and 3M; requests by BankAmerica and General Motors were still pending. Aetna, Citicorp, Pfizer and Unisys decided to include the resolutions with management statements recommending their disapproval.

Cabot says an object of the campaign is to raise consciousness in the business community on campaign finance reform. It will take the reform message to new constituencies, including institutional investors like public employee pension funds. To further broaden the campaign's impact, CC Chairman Archibald Cox sent letters to the CEOs of all Fortune 500 industrial and Fortune 500 service corporations in October, informing them of the shareholder campaign and asking them to support legislation that would clean up the campaign financing system.

The campaign is already attracting media attention and has been the subject of stories not only in the *Wall Street Journal*, but also in *Campaign Practices Reports* and the monthly newsletter of the Investor Responsibility Research Center. ◆

None Dare Call It LOBBYING!

by RICHARD COWAN

IF THEY DID, THEY MIGHT HAVE TO REPORT IT.

When John Tower came before his former colleagues in the Senate to seek confirmation as the new secretary of defense in January, he wanted to make one thing perfectly clear.

Yes, he had been a professional "sounding board" and consultant to the defense industry. And "I did make one or two contacts," the former senator conceded. But "I would not construe them as lobbying."

What about the time he pushed for funds for a new aerial navigation inspection system on behalf of LTV Aerospace, which paid him some $246,000 during his two-year consulting career? "Did you personally advocate that project to members of Congress?" Sen. Carl Levin (D-Mich.) asked. Tower answered, "Yes, I think I probably did. And I'm certain my staff did." Levin asked if Tower had done any other lobbying.

"I don't recall any, senator," he responded. Of course, "informally, socially, when I've seen former colleagues of mine, I might have had discussions with them. . . . But I don't think that would be considered lobbying, usually just sort of exchanges of information."

"Exchanges of information" over cocktails and canapés — between a paid defense consultant and an elected official? The average American would probably call that lobbying. But in Washington, where influence peddling is a booming local industry, as many words exist for lobbying as the Eskimos have for snow.

Richard Cowan is a freelance writer who regularly covers Congress.

ILLUSTRATIONS BY SEAN KELLY

As Tower lamely suggested during his confirmation hearings, "the term lobbying perhaps ought to be more clearly defined." But don't count on Congress to do the dirty work. After a depressingly unsuccessful effort to tighten up lobbying disclosure rules in the late 1970s, lawmakers have adopted a decidedly laissez-faire approach to regulating the industry that pursues them.

That doesn't mean there are no rules. A 43-year-old federal disclosure law requires lobbyists on Capitol Hill to register and to reveal the amounts they receive and from whom, and the amounts they spend and on what. (The law doesn't cover lobbying the executive branch, itself a booming cottage industry in the nation's capital.) The official disclosure form solicits information on dues, gifts, services, advertising, wages, salaries, fees, office rent, telephone, food, travel and other matters. A guideline offered by the clerk of the House of Representatives says the law "requires reports of receipts and expenditures in connection with attempts made, *directly or indirectly*, to influence legislation" (italics added).

While fairly straightforward, the law is rarely enforced. The clerk of the House and the secretary of the Senate are charged with collecting the information, but these offices do not police the lobbying industry. Abuses theoretically can be brought to the attention of the Justice Department — but the operative word here is theoretical. Over the past 15 years the Justice Department has received only five complaints, all of which it declined to prosecute.

Companies typically argue that the law only covers individuals and organizations whose *principal* purpose is lobbying and thus, even though they or their trade associations spend millions of dollars attempting to influence legislation, they need not report their expenditures. "The individual and not the organization is subject to the act," declares a guide to lobbying regulation issued by the U.S. Chamber of Commerce.

Among those keeping a very low profile are America's leading corporations. Take, for example, the top 10 *Fortune* 500 companies — General Motors, Mobil Oil, AT&T and Exxon among them. Despite their considerable interest in government decisions and policies, not one is registered.

Anyone looking for more information must doggedly search the files for the names of individuals who lobby on the corporations' behalf. Some work directly for the company or for associations it belongs to; others work for law, lobbying or consulting firms. Most file disclosure statements but don't disclose anything, failing to report the fees or even salaries they receive or any expenditures they make.

Perhaps not surprisingly, given the lack of enforcement, many lobbyists have narrowed the definition of "lobbying" to one activity — direct discussion of specific legislation with a member of Congress in his or her office. Unlike most attempts at influence, from exchanging information at four-star restaurants and golf resorts to launching public relations and advertising campaigns, this activity does not involve spending money — except maybe the cost of taking a taxi to Capitol Hill.

Patti Jo Baber, executive director of the American League of Lobbyists, elaborates. She says her members typically "spend money building a relationship" with a member of Congress or staffer. This could include taking them to a Washington Redskins football game or other social event. But, she says, if legislative business is actually discussed only in congressional offices and not in the restaurants and clubs where relationships are built, "there's no cost." Given this reasoning, it's no wonder the expenditures column on so many disclosure forms is filled with zeroes.

And what about those massive grassroots letter-writing campaigns, urging individuals to lobby their members of Congress? A 1954 Supreme Court decision said that when aimed at directly influencing Congress these campaigns are a form of lobbying and should be reported. But very few organizations comply — apparently with impunity.

The 1946 law imposing disclosure requirements on lobbying is aimed at providing the public with some picture of how private interests influence the legislative process. As bad as things are now, Stanley M. Brand, former counsel for the House of Representatives and now a lobbyist himself, maintains lobbying disclosure improved after nondisclosure became an issue in the late '70s. Besides the approximately 5,500 registered lobbyists actively plying their trade at the federal level, another 22,383 are listed as inactive but have done some lobbying in the past three years.

But as long as no one's looking, there's little motivation for the average lobbyist to report expenditures with total candor. At first glance, for example, disclosures by the National Rifle Association appear impressive. They show $665,106 in receipts and $1.1 million in expenditures for the first nine months of 1988. As large as those amounts sound, however, they represent only a fraction

of the NRA's $60 million budget. The NRA's Institute for Legislative Action in Washington, which works on state and local legislation as well as federal, spends $11 million a year alone.

It would probably be unfair to single out any one lobbying effort as an example of how the system works. So let's look at four.

Over the last few years a complicated and bitter battle has brewed in Congress over the fate of the contact lens industry. It basically boils down to whether the makers of one relatively new type of hard lens will persuade Congress to pass legislation directing the Food and Drug Administration to ease its regulations governing the testing and marketing of their product. The soft lens makers want no part of this change and opposed legislation considered last year that would have made it easier for the hard contact lenses to get FDA approval. Bausch & Lomb, one of the country's leading manufacturers of soft contact lenses, worked hard to defeat changes in the regulations, explains one congressional source, "because it didn't want its market share to diminish overnight by half."

With sales of contact lenses, solutions and other related products totaling just under $2 billion in 1987, all segments of the industry had a lot at stake in the legislative tug of war. According to one aide to the Senate Appropriations Committee, where some of the lobbying took place, Congress was "flooded with paper" and telephone calls from lobbyists on both sides of the FDA-contact lens conflict. The aide recalls that one Gregory Babyak, a lawyer with the Washington firm of Royer, Shacknai & Mehle, spearheaded the lobbying effort on behalf of the Contact Lens Institute, an organization of large soft-lens manufacturers, including Bausch & Lomb.

In a phone conversation Babyak confirmed that he did some "legislative work" on behalf of the institute. But when a reporter dropped by the congressional offices where lobbying disclosure files are kept, nothing from Babyak or the Contact Lens Institute could be found. (Babyak did not return subsequent phone calls.)

Other congressional sources say Bausch & Lomb's interests also were promoted by the Health Industry Manufacturers Association (HIMA), which represents makers of diagnostic products and medical devices, such as contact lenses. In fact, Bausch & Lomb's chairman of the board, Daniel Gill, also served as chairman of HIMA in 1988.

Yet the lobbying disclosure forms filed by HIMA lobbyists for the first three quarters of last year indicate no lobbying. Three "active" lobbyists are on file. (A registered lobbyist who reports no activities during a certain quarter is described as "inactive.") Leah Webb Schroeder, HIMA vice president of government affairs, signed a form saying she neither received nor spent money for lobbying. The same goes for Bette Anne Starkey, director of congressional relations for HIMA. And Gerald R. Connor, vice president of legislative affairs, last filed a form on November 11, 1987, which reported $7,125 in receipts for lobbying and no expenditures.

HIMA's Schroeder says it is "standard practice" for her association to jot down zeroes throughout the lobbying disclosure forms because "we only report direct contact with members if there was money spent doing it."

HIMA lobbyists, she explains, mostly talked to congressional staffers on the telephone or in their offices. HIMA's Bette Anne Starkey says she was not an active lobbyist last year and instead worked on HIMA's political action committee. She says she registered as a lobbyist because she "wanted to be ready [to lobby] if I was needed."

Two other law firms did file reports in 1988 as lobbyists for Bausch & Lomb. Both forms simply noted their initial registrations, but no lobbying activity.

One Hill source says Bausch & Lomb worked through Democratic Rep. Louise M. Slaughter's office to advance its position, since Slaughter's Rochester, N.Y., district includes Bausch & Lomb's headquarters. An aide to the congresswoman, though, says it would be "blatantly incorrect" to call last year's activities "lobbying." She says Bausch & Lomb provided information and Slaughter's office did some "constituent service," which loosely translates into a "phone call here or a letter there" on Bausch & Lomb's behalf.

Schroeder challenges any conclusion that special interests weren't working aboveboard, however, saying with apparent straight face, "the public gets informed about who is working on what through regular press conferences" held by HIMA.

Contact lens interests aren't the only ones in Washington describing their client-related activity as a series of zeroes on lobbying disclosure forms. William F. Demarest Jr., of the law firm of Holland & Hart,

lobbies on behalf of the Dallas-based Southland Corp., owner of the nationwide 7-11 chain of convenience stores. Last year Demarest had to keep an eye on a provision of a tax bill that could have had a strong impact on Southland's corporate aircraft, as well as legislation dealing with trade, gasoline marketing and mandated health care benefits for employees.

Sounds like a busy time for Demarest, but he filed a report of no receipts and no expenditures for lobbying during the first nine months of 1988.

"I did a lot of watching. I attended hearings. There were lots of issues I was tracking. But no issues I was actively lobbying on," he explains.

"Lobbying," Demarest notes, "is more interactive than watching. Lobbying is a participatory event, like sex."

The zeroes on his lobbying disclosure form do not mean he or his firm didn't get money from Southland last year. "I get paid money for counseling, advice, monitoring what's happening," Demarest says. But he maintains the law doesn't define any of this as lobbying.

Then there's the Independent Insurance Agents of America (IIAA), which last year waged an intense campaign against a banking bill allowing financial institutions to continue to sell insurance in states that allow it. Paul A. Equale, a lobbyist for IIAA, filed a report stating that he received $78,923 for the first nine months of 1988, but not a penny of that was spent on lobbying. His IIAA colleague, Robert A. Rusbuldt, noted $57,722 in receipts and also no expenditures.

"We don't expend dollars directly to influence legislators at all," Equale says. He explains that the Washington office of IIAA is mainly devoted to organizing grassroots activities among the association's members. And like many lobbyists, Equale believes the law does not require the disclosure of grassroots organizing expenses.

So what does the $78,923 represent? Equale has an answer. "That's an allocation of IIAA dues dollars used for federal political efforts," he says.

But if Equale's explanation sounds confusing, consider the circuitous lobbying trail of the cigarette makers, who had their hands full in 1988 as the assault on smoking continued. Proposed legislation included new limits on advertising, a clampdown on smoking on airplanes, an increased excise tax, an advertisers' code of ethics and new, tougher health warnings for cigarette packages. But it's a challenge to trace the lobbying steps of one of the cigarette industry giants, R.J. Reynolds Tobacco Co.

Under "R.J. Reynolds," "R.J. Reynolds Industries Inc.," "R.J.Reynolds Tobacco Co." and "R.J. Reynolds Nabisco" several lobbyists are listed as inactive and only one as "active," William Ragan of Ragan & Mason. But even he reports no receipts and no expenditures.

In order to locate evidence of any activity, one must turn to "RJR Nabisco Inc.," the food and cookie giant that owns the tobacco company. Among RJR's representatives are some of Washington's most prestigious firms — Akin, Gump, Strauss, Hauer & Feld ($5,470 in receipts; $104 in expenditures during the first three quarters of 1988), Jones, Day, Reavis & Pogue ($2,144 in receipts; "none" for expenditures), Lipsen, Hamberger & Whitten ($28,362 in receipts and "none" for expenditures).

But according to congressional sources, the above lobbyists are not the "central players" in RJR's tobacco lobbying effort. That title appears to be shared by an army of lobbyists for the Tobacco Institute and a couple of key RJR Nabisco employees — Burleigh C.W. Leonard and Tommy Payne.

Mark Eaton, an aide to Sen. Jesse Helms (R-N.C.), says Leonard and Payne were "actively working on those [senators] who were on the fence" on various tobacco bills. Eaton adds that one of the most important services tobacco lobbyists provide is alerting the pro-tobacco industry Helms to unexpected initiatives. "A lot of the game [in Congress] is sneaking stuff by people," says Eaton, referring to amendments tucked into bills during committee markups or floor debate.

Now that the key players have been identified, revealing their expenditures should be easy — right?

For his efforts, Tommy Payne recorded $4,200 in receipts and $152 in expenditures in 1988. And it looks as if Burleigh Leonard lost money on the deal: He reported $2,400 in receipts and $2,990 in expenditures for the year.

These paltry sums pale next to the millions of dollars congressional staffers say R.J. Reynolds contributes to the Tobacco Institute each year to wage its war on Congress. Neither the Tobacco Institute nor RJR would say how much money was actually devoted to lobbying in 1988. Disclosure forms filed by various lobbyists for the institute show they received nearly $225,000 during the first nine months of 1988 and spent almost $19,000. But even those figures don't illustrate who did what for whom.

If currying the favor of members of Congress is underreported, lobbyists' contacts with congressional staff are barely a blip on the screen. Officials in congressional offices say with confidence that the law does cover contact with lawmakers' staff. But that interpretation does not seem widely held. Patti Jo Baber of the American League of Lobbyists says there is a spirited disagreement among some of the organization's members over whether the law covers lobbying of staff.

Certainly lobbyists recognize that congressional staffers have significant input on bills, as a remark by Gerald Connor of HIMA during a telephone interview illustrates. "My approach is to resolve issues at the lowest level possible, rather than having to convince [House Health Subcommittee Chairman Henry] Waxman, [Energy and Commerce Chairman John] Dingell or the whole Congress," Connor says.

Some lobbyists think only a sucker would bend over backward to report everything. Consider the experience of one lobbyist who in the late 1970s worked in the government for Health, Education and Welfare Secretary Joseph Califano Jr. He says he stopped filing detailed disclosure forms after he realized he was supplying far more information than his former boss, then a powerful partner with Califano, Ross & Heineman. "I knew something was wrong when the forms showed Joe Califano was doing less lobbying than me," the lapsed discloser says.

Rep. Barney Frank (D-Mass.), chairman of a House judiciary subcommittee with oversight of lobbying, says a look at changing lobbying disclosure methods is "on the agenda" for the 101st Congress.

In past years trying to close the loopholes of the 1946 act has been one of the few issues to unite the lobbying community — in opposition. Diverse groups, from the NAACP to the American Civil Liberties Union to the U.S. Chamber of Commerce, have opposed tougher disclosure. And there's one other recalcitrant group — House and Senate members, who do not appear particularly upset over the difficulties in tracing the footsteps of those who court them. ◆

IN COMMON

The Year in Review

by Archibald Cox

Last year at this time I wrote that 1988 would provide opportunities for significant progress on the key issues of the Common Cause agenda: integrity in government, clean elections, civil rights and nuclear arms control. I am happy to report victories on several fronts and substantial progress on others. As a result, Common Cause enters the era of a new Administration and a new Congress on very solid footing from which to press for and achieve historic changes in 1989.

Future prospects for meaningful arms control agreements brightened considerably in the spring, as the Senate acted to ratify the Intermediate Nuclear Forces (INF) Treaty, the first nuclear arms control treaty to eliminate an entire class of weapons. Common Cause and the Council for a Livable World co-chaired the efforts made by the arms control community that contributed to this major victory.

Following years of persistent effort by a coalition including Common Cause, Congress passed a number of significant arms control provisions as part of the defense authorization bill: protecting the traditional interpretation of the ABM Treaty, maintaining the principle of compliance with the SALT II Treaty, holding down spending on the extravagant Star Wars program, sharply cutting the request for MX-basing money and delaying any decision about new land-based missiles until a new Administration took office in 1989.

Important milestones were also achieved in the area of civil rights legislation. The first victory came with the congressional override of President Reagan's veto of the Civil Rights Restoration Act, an act restoring the broad anti-discrimination interpretation of Title VI of the Civil Rights Act of 1964, provisions of which had been undermined by the Supreme Court's *Grove City* decision. The second victory was passage of amendments to the Fair Housing Act, designed to ensure adequate enforcement of the anti-discrimination protections of the existing law. On both issues, Common Cause joined coalition efforts spearheaded by the Leadership Conference on Civil Rights.

The civil rights and arms control battles illustrate how, on some issues, the contribution of Common Cause may best be made by working in coalition with other organizations. On other issues, notably campaign finance reform and ethics in government, it is safe to say that the steadfast presence and coalition leadership of Common Cause have been the essential factors in achieving progress. When the 100th Congress, in its final hours, passed major ethics legislation to curb "revolving door" abuses — "the most important and unpopular ethics bill of the 100th Congress," according to *The Washington Post* — Congress was responding to a massive grassroots effort on the part of Common Cause members and activists who refused to let the issue die. When the Justice Department's Office of Professional Responsibility agreed to investigate important ethics questions about former Attorney General Edwin Meese, it was responding to a Common Cause letter insisting that the matters involved went beyond questions of criminality to fundamental questions of ethical philosophy. And when the constitutionality of the Independent Counsel provisions of the Ethics in Government Act were under attack, the arguments in a Common Cause brief were affirmed by the Supreme Court. I was especially pleased to work with a number of distinguished constitutional authorities in constructing that brief.

In the spring of 1988, when I pressed upon Senate and House committees the urgent need for congressional action restoring the people's faith in government — a faith badly shaken by the prevalence of corruption and decay — I emphasized both the need to adopt strict and comprehen-

Archibald Cox is chairman of Common Cause.

For the Record

(Reprinted from the Kennebec Journal, Augusta, Maine)

Common Cause, the citizen's group based in Washington, is often in the news today. It played a leading role in prompting ethics investigations of Attorney General Edwin Meese and House Speaker Jim Wright. It has led the fight for congressional campaign reform — an often lonely cause.

Yet though the group has been in business for nearly 20 years, and has a prominent national role, it is still ceaselessly referred to by the Associated Press and most other national news organizations as the "self-styled citizen's group."

"Self-styled" was a convenient disclaimer for wire services when various underground groups were springing up during the 1960s and '70s. Reporters didn't have to check out credentials; they merely referred to a "self-styled" radical, minority or terrorist outfit (remember the "Symbionese Liberation Army?").

But it's still lazy writing, and if it was ever justified in referring to Common Cause, it certainly isn't any more. Though it has sometimes been accused of veering right or left, its actions demonstrate that Common Cause is exactly what it says it is: a lobby for ordinary citizens.

The "self-styled" prefix is insulting and unnecessary. We know a taxpayer's group or a conservation group when we see one. Common Cause is equally the genuine article.

sive standards of ethical conduct and the importance of reforming a fundamentally corrupt campaign finance system. What is required is a "rebirth of the sense that public office and public employment are sacred trusts to be enjoyed, beyond the stated compensation, for the tremendous challenge and personal satisfaction of serving the public good and not for 'what's in it, now or hereafter, for me.' "

President Reagan's veto of the revolving door bill referred to above — an action taken in the waning hours of his Administration — is an appalling manifestation of the "anything goes" attitude of that Administration. Our goal in 1989 will be to press President Bush and the Congress to adopt the Common Cause Ethics Agenda — 10 very specific legislative actions, including revolving door legislation — designed to repair our political system and restore the people's trust.

The 1988 election amply demonstrated the continuing erosion of the integrity of the current system of campaign finance. Congressional campaigns were awash in an ever-larger flood of special interest money. The public financing of presidential campaigns was mocked by tens of millions of additional dollars from private donors largely in the form of gifts prohibited by federal law. This so-called soft money, more aptly called "sewer money," flowed to the presidential candidates under the label "party building" because the Federal Election Commission (FEC) failed to issue the regulations necessary to prevent the abuse.

A steady stream of Common Cause studies during the campaign period sharpened the media and the public focus on how PAC contributions increasingly are distorting our system. Throughout the year, the Governing Board discussed strategies for advancing the necessary reforms, which ranged from efforts to overcome the obstructionist filibuster that blocked passage of S.2, to prodding the FEC and to pinning down the position of candidates during the election campaign on strong reform legislation in 1989.

One especially innovative and exciting Board effort — a project conceived by Board member Ned Cabot, a former insurance industry executive — involves the introduction of shareholder resolutions at the annual meeting of selected *Fortune* 500 companies, with the intention of building support for campaign finance reform in the business community. I have been deeply gratified by the widespread enthusiastic response of the Common Cause activists to whom I wrote in October asking for their help in the project. Resolutions calling for corporations to disclose their positions on the issue of campaign finance reform and to disclose publicly the amount of money their corporate PACs have given to congressional candidates will be introduced at 10 shareholder meetings in April and May (see page 44).

In fulfilling its responsibility to determine the overall direction of Common Cause, the Board also devoted considerable time and attention during the year to educating itself and examining possible roles for the organization on other important issues, such as covert operations and the War Powers Act. These complex issues will continue to require further thought and consideration in 1989.

In 1987, in light of strong Board concern over another difficult and important issue — the mounting federal budget deficit — I had appointed a group of Board members to delve into the question of the organization's possible involvement in the matter. The Federal Budget Group grappled with the issue for 18 months. Its report and recommendation were presented to the Board at the November meeting and sparked a lively and extended discussion. There was general recognition that the federal budget deficit is a critical national problem, but there were differences of opinion as to whether and how Common Cause could make an effective contribution at this time. The Board agreed that I should appoint a small group to prepare a draft resolution stating a possible Common Cause position for the Board's consideration at the February 1989 meeting.

The value of complementary national and state efforts on our priority issues was amply demonstrated by Common Cause state efforts on campaign finance reform and ethics. At all four Board meetings, visiting volunteer leaders and staff from the state organizations reported on significant achievements in these areas. In Rhode Island, North Carolina and Louisiana, for example, Common Cause efforts paved the way for clear-cut campaign finance reform victories. The work of Common Cause/New York helped win passage of a November ballot measure enabling New York City to join the list of cities that have opted for publicly financed elections. On the ethics front, Common Cause work resulted in the passage of a tough model code in Travis County, Texas, and in the strengthening of existing laws in Nevada, Oklahoma and Wisconsin. And these were just some of the many successes Common Cause had at the state level. The happy spirit of cooperation between the state and national levels was most evident at the 1988 State Leadership Conference (see story, page 41).

Together, we have weathered an era of government marked by grave shortcomings in institutional integrity. As we take up the challenge of the new era to restore dignity and decency to our democratic system, I am buoyed by the knowledge that the people in Common Cause share an ability to keep sight of our long-term goals, a willingness to persist toward them step by step and a confidence that they will be achieved. Being part of this special community is, for me, a singular joy. ◆

1988 Governing Board Attendance

In 1988 Common Cause held four National Governing Board meetings. Below is an attendance record for the board members (the number in parentheses is the total number of sessions attended). Archibald Cox gives an overview on page 39 of the status of issues addressed by the board.

Michael Asimow	(3)	*Susan Estrich		Ralph Neas	(3)
Ruth Bamberger	(4)	Daniel Fisher	(3)	Jeanne Noble	(4)
**Craig Barnes	(3)	Pam Fleischaker	(2)	William Parsons	(4)
George Best	(3)	Asher Fox	(4)	**Richardson Preyer	(2)
Peter Billings	(4)	**Eileen Friedman	(3)	**Betsy Reid	(3)
Angela Blackwell	(2)	Harris Gilbert	(3)	Henry Reuss	(3)
**Velma Blackwell	(3)	**Margaret Gonzalez	(2)	***Gene Reynolds	(1)
Richard Bolling	(3)	William Guy	(4)	Jeremy Rosner	(4)
Bruce Burke	(3)	Stafford Hansell	(4)	Richard Salomon	(2)
Edward Cabot	(4)	Floyd Haskell	(3)	**David Saperstein	(2)
John Caldwell	(4)	Ruth Hinerfeld	(4)	Beth Smith	(4)
Paulette Caldwell	(4)	**Arthur Johnson	(1)	**Faith Smith	(3)
Sarah Chandler	(4)	Mary Jo Kopecky	(3)	Pat Stocker	(3)
**Dick Clark	(2)	John Kramer	(2)	Bob Taft	(4)
William Clark	(2)	Jerome Kurtz	(3)	Lance Tapley	(4)
David Cohen	(3)	Lora Lavin	(4)	John Thomas	(4)
Geoffrey Cowan	(4)	Andy Loewi	(4)	**Ruth Thone	(2)
Archibald Cox	(4)	Hortence Lopez	(4)	Fred Wertheimer	(4)
Vivian D'Angio	(4)	Harriet McCullough	(4)	Brady Williamson	(2)
Joe Morris Doss	(3)	**Rozanne McKinney	(2)	Arlene Zielinski	(4)

*On leave of absence.

**Began serving in May 1988; eligible to attend three meetings only.

Campaign '89: The Decisive Fight

by Fred Wertheimer

The decisive fight to win fundamental reform of our corrupt congressional campaign financing system is at hand.

After years of hard work and effort, the campaign finance issue has reached the "flashpoint" for action. The present system, in which special interest political action committees (PACs) buy access and influence in Congress through ever-increasing campaign contributions, is so out of control that it is widely recognized, as *The Washington Post* has put it, as being "fundamentally corrupt."

Special interest contributions are so heavily tilted to incumbents that our elections are no longer fair competitions.

In the bluntest terms, the present congressional campaign financing system has come to mean rigged elections and institutionalized bribery. As a result, today there is the greatest public outcry for reform since Watergate. The climate within Congress is also favorable to reform.

As *Congressional Quarterly* reported right after the election, "There is plenty of talk from both sides of the aisle that the campaign finance system is due for its first major overhaul" since Watergate.

In the "Alert!" on page 46, we call upon all Common Cause members to write to their representatives in Congress urging support for comprehensive reforms to clean up the way congressional campaigns are financed.

This is the opening salvo of a fight that will take all the energy, dedication and resources Common Cause can summon. For while virtually no one is willing to publicly defend the current system, the fact is that sitting members of Congress benefit overwhelmingly from the status quo.

This is an obstacle that we were able to overcome in the last Congress in another government integrity fight. After a tough and sustained grassroots lobbying campaign by Common Cause, Congress passed an ethics bill that strengthened existing "revolving door" laws for the executive branch and extended coverage *for the first time* to members of Congress and their senior staff.

Even though President Reagan continued his terrible record on ethics by vetoing the ethics bill, congressional passage of the bill proved, as *The New York Times* wrote, that "Congress is capable of acting honorably when reform isn't in its obvious self-interest."

Actions like this, the *Times* added, "feed hopes that in the next Congress . . . both houses will act on congressional campaign spending and honorarium abuses, two more long-neglected reforms."

Common Cause is pressing ahead in this new Congress with efforts to re-enact strong revolving-door ethics legislation and win a ban on congressional honoraria fees (see story, page 44).

What We've Gained

We have come a great distance in the last four years. At the outset of 1985, campaign finance reform was a backburner issue in Congress that was given no serious chance of legislative consideration. But after years of congressional inaction, the Boren-Goldwater PAC limit bill exploded onto the scene, tapping a deep vein of frustration with the system inside Congress and on the part of the American public.

Although the Boren-Goldwater bill did not ultimately become law, the 69-to-30 vote in favor of the measure at the end of the 99th Congress surprised Washington insiders and opened the door to a broad-based effort in the 100th Congress to achieve fundamental change. As Sen. David Boren (D-Okla.) said at the time, "The genie is out of the bottle. This cause has a momentum now. It's not going to be stopped."

In the 100th Congress, Sen. Boren joined Senate Majority Leader Robert Byrd (D-W.Va.) in introducing a new proposal. It was modeled after the presidential campaign finance system with spending limits and public financing as well as a limit on the overall amount of PAC money a congressional candidate could accept.

The bill, S.2, garnered support from a majority of senators and touched off an outpouring of more than 600 editorials from some 300 newspapers all across the country. A coalition of more than 70 national groups, put together by Common Cause, backed comprehensive reform.

While support in the House was not tested in the last Congress to the same extent as in the Senate, nearly 100 members lent their support to H.R. 2717 — the Common Cause-backed reform proposal sponsored by Reps. Tony Coelho (D-Calif.), Jim Leach (R-Iowa) and Mike Synar (D-Okla.). In addition, the House leadership indicated it was prepared to take the issue on if the Senate passed S.2.

S.2 was ultimately blocked in the Senate by a Republican-led filibuster. But we came within five votes of the 60 needed to invoke cloture — and we set the stage for a showdown on the issue in this new Congress.

The Need for Reform

The 1988 election added a new dimension to our fight.

Fred Wertheimer is president of Common Cause.

CAMPAIGN '89

Through our special "POP THE QUESTION" activities last fall (see "In Common," September/October 1988), Common Cause has now received commitments of support for comprehensive campaign finance reform from 140 House members in the new Congress.

In addition, during the campaign last fall Common Cause helped bring national media attention to the basic unfairness to challengers of the current congressional campaign finance system — and to the growing distortion of the electoral process caused by PAC favoritism toward incumbents.

In his syndicated column, national political columnist David Broder recently wrote, "Challenger victories will be uncommon unless some way is found to curb the gross advantage incumbents now exploit in collecting money from [PACs] and other access-seeking contributors."

As the minority party in Congress, Republicans are now looking at the system in a new light, asking themselves whether it remains in their interest to continue to defend the status quo. In the 1988 election, for example, PACs favored House Democratic incumbents over Republican challengers by a ratio of 27 to 1. Overall, through mid-October of last year, congressional incumbents received $100 million from PACs while challengers received $13 million during the 1988 elections.

Commenting on the incumbents' edge, Charles Cook, a respected political analyst and newsletter publisher, said, "This, I think, will be the last election under the current system. Republicans are not going to defend PACs anymore."

Shortly after the election, both the Democratic and Republican leaders in the House of Representatives called for campaign finance reform. House Speaker Jim Wright (D-Texas) listed campaign finance reform as one of his priorities, saying, "We will come to grips with something that has been long postponed. We will pass clean election legislation. . . ." And Minority Leader Robert Michel (R-Ill.) said, "Campaign reform is needed," and, "I want to lead the House Republicans toward it."

Creating a Consensus

A critical challenge for Common Cause in this fight will be to help create a consensus in Congress for a reform package that will bring about meaningful change.

To meet that challenge we must be flexible enough to help broker a legislative agreement between differing points of view and firm enough to ensure that the agreement accomplishes our basic goals. These goals include dramatically reducing the role and influence of PACs, ending the arms race of unlimited campaign spending and significantly increasing the resources available to challengers through such measures as matching public funds.

We must keep up the pressure on members of Congress to reach an agreement. This means intensive lobbying at the grassroots level and taking our message to the media. We must continue to demonstrate and hammer home the corruptness and unfairness of the current system and keep the glare of the public spotlight on those who are blocking change.

A Fight to Win

Passage of comprehensive congressional campaign finance reform is within our reach.

If we are to prevail in this decisive fight, the entire Common Cause community must be enlisted. We must intensify our efforts of the last four years and make an all out push for victory. I believe we can succeed. And I know we must. The fight for congressional campaign reform remains our highest priority. ◆

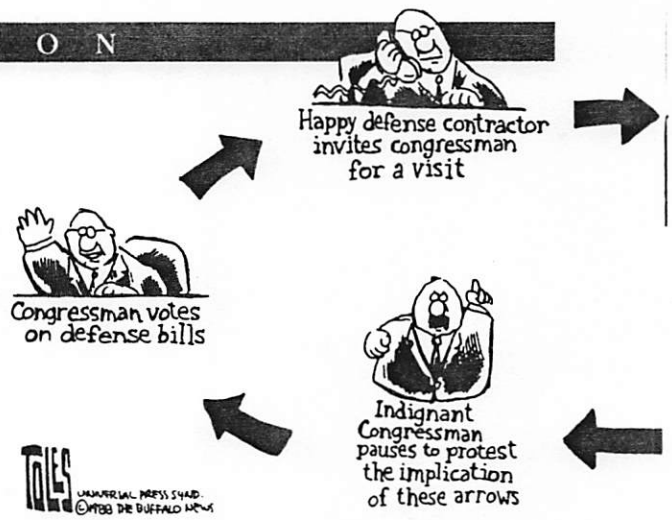
Presidential Campaign System Under Attack

The 1988 election left as one of its legacies a presidential campaign finance system at risk. Long a model for reform, the presidential campaign financing system today is under siege as a result of the injection of unprecedented sums of "soft money" — or, as *The New York Times* puts it, "sewer money" — into the 1988 presidential election. This is money raised from sources and in amounts that are *illegal* in federal campaigns.

The Federal Election Commission (FEC) turned a blind eye to the growing scandal, refusing to staunch the flow of this illegal money into federal elections. By its inaction, the FEC virtually issued an invitation to presidential campaigns to violate the law, an invitation both presidential campaigns seized.

Left unchecked, soft money threatens to make a mockery of the post-Watergate reform laws enacted to keep "fat cat" influence money out of presidential elections. It also threatens to undercut our efforts to extend the presidential campaign finance system to Congress.

We must and will do everything in our power to shut down the soft money operation and save the cornerstone achievements represented by the presidential campaign finance system.



The Time is Up for Honoraria

by Ann McBride

Today most members of Congress supplement their taxpayer-funded salaries with private income provided by special interest groups — the very same interest groups whose affairs are regulated by Congress.

The income comes in the form of honoraria fees of up to $2,000, which are given to senators and representatives by corporations, labor unions, trade associations and others in "payment" for a speech, a visit to a manufacturing plant or for simply showing up at a breakfast meeting with lobbyists. In 1987 senators and representatives collected nearly $10 million in honoraria fees.

The conflict of interest inherent in this arrangement is glaringly obvious. In fact, in the executive branch it is a criminal offense for officials to receive outside funds — like those routinely received by members of Congress — that conflict with their official duties.

"The term 'honoraria' has become one of Washington's most striking misnomers," CC President Fred Wertheimer has said. "There is no 'honor' involved on either end of the bargain when money is used by special interests to obtain political access and influence, and when elected representatives in Congress actively seek and accept the payments."

A *Wall Street Journal* editorial criticizing the honoraria system noted, "Once reserved for prepared speeches, honorariums now can include merely showing up somewhere. . . . [Honoraria] contribute to the creation of such problems as billion-dollar savings and loan bailouts and other big-ticket items."

An official with the GTE Corp., a leading defense contractor, makes clear what's involved in honoraria payments. He is quoted as saying that by giving honoraria to members of Congress, "We have their full time and attention — a captive audience. It would take three or four [campaign] fundraisers over a couple of years to get the same kind of relationship."

It's time these thinly veiled influence-payments were banned outright in Congress. Common Cause is mounting an all-out battle to achieve that goal early in this 101st Congress.

Special Commission Calls for Ban

In December a special commission that meets every four years to review top government salaries and make recommendations to the president recommended "strongly" that the practice of accepting honoraria and similar fees and financial benefits from private interests be "terminated by statute."

In its report the commission noted, "Public faith in the integrity of the members it elects is threatened by the steady growth of this practice."

The commission also called for a major increase in the salaries of top government officials. The recommendations made for cabinet officials, members of Congress, federal judges and other top-level government officials are intended to "make up for the loss of purchasing power for these positions in the past 20 years." During this period, pay increases for top government officials were sporadic.

In a statement given at a press conference convened in mid-December, after the commission's recommendations were made, Fred Wertheimer said, "Full-time public officials should be compensated fully and adequately by the public they serve. They should not be compensated by private interests seeking access and influence. Common Cause endorses the recommendations of the commission . . . which are founded on this principle.

"With today's action by the commission," he added, "the stage is now set for banning

You Can Help!

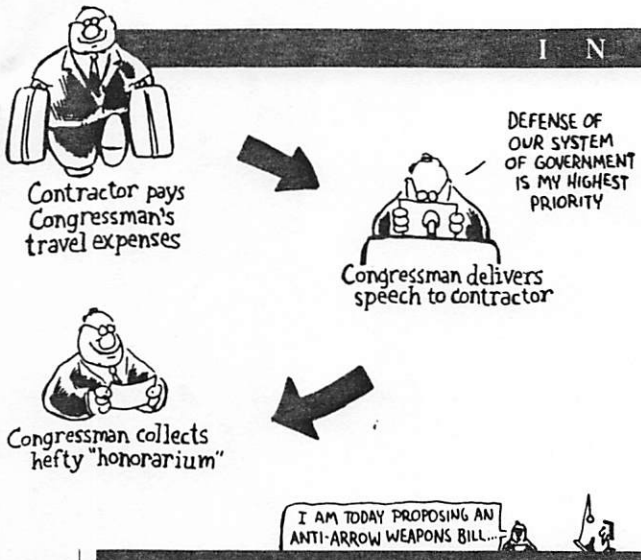
You can help Common Cause and its campaign to ban congressional honoraria by contacting your members of Congress.

This will be a tough battle in both the House and the Senate. And it is essential for us to get as many letters, telegrams and phone calls as possible into the offices of members of Congress.

Urge your senators and representative to support legislation establishing an effective and comprehensive ban on honoraria. Let them know early action to end this insidious practice is essential to public trust and confidence in Congress.

You can reach your senators in care of: U.S. Senate, Washington, D.C. 20510; and your representative in care of: U.S. House of Representatives, Washington, D.C. 20515; or by calling the Capitol Hill switchboard at (202) 224-3121.

Ann McBride is Common Cause senior vice president.



TOM TOLES IN *THE BUFFALO NEWS*

honoraria and for establishing appropriate salaries for top-level government officials that reflect the vitally important role they play as leaders of our nation."

An Airtight Ban Is Necessary

In passing legislation to ban honoraria, it is essential to stop not only those fees provided for articles, speeches and appearances, but also the other ways in which special interests channel influence-money and benefits to members of Congress.

Abolishing honoraria without addressing the other ways that special interests may provide fees or other financial benefits to members of Congress will only lead to the honoraria problem surfacing in new forms.

Thus a ban on honoraria should include such items as a prohibition on receiving fees for articles, speeches or appearances; a ban on receiving fees for professional services, including "consulting" and legal fees; a prohibition on receiving fees for serving on boards of corporations or financial institutions; an end to the "grandfather clause" that allows senior members of Congress to convert campaign money to personal use when they retire from office; a prohibition on reimbursements for travel beyond actual and necessary expenses; and a restriction on receiving advances and royalties unless they come from an established trade publisher in the ordinary course of business.

In an editorial appearing the day after the commission's report was issued, *The Los Angeles Times* endorsed both its pay raise recommendations and a comprehensive ban on honoraria. Congress "must close every loophole — no more free air travel, no more trips on corporate jets, no more free lunches," the *Times* wrote. In a Common Cause letter to all members of Congress, dated December 15, Wertheimer wrote, "Common Cause's support for congressional salary increases is based on Congress also enacting a comprehensive and effective ban on members of Congress receiving fees and other financial benefits from private interests. The American public must receive fair treatment in this effort to clean up the ethics mess in Congress."

The present practice of collecting honoraria fees from special interest groups is wrong. It's corrupting. And it must be banned.

We in Common Cause must do everything possible to ensure that an effective ban on this insidious practice is enacted early in this new Congress. ◆

Business Leaders Enlisted in Campaign Finance Reform Battle

To advance the battle for congressional campaign finance reform, Common Cause has launched a unique effort to enlist the help of concerned business leaders — and bring national attention to major corporations that help perpetuate the current system. With the introduction of shareholder resolutions in several major corporations, CC hopes to press major corporations to face up to their responsibilities in helping to end the corrupt campaign finance system.

Conceived by CC National Governing Board member Ned Cabot, the shareholder resolution approach has no precedent at Common Cause but has been used to good effect by organizations seeking corporate disinvestment in South Africa.

The campaign began when CC Chairman Archibald Cox wrote to the chief executive officers of all the *Fortune* 500 industrial and service corporations asking for support of comprehensive campaign reform legislation.

At the same time, Chairman Cox wrote to 2,700 CC members asking, if they owned stock in any of the 35 *Fortune* 500 companies chosen for this campaign, would they be willing to introduce shareholders' resolutions at the annual meetings of these companies. The 35 companies were chosen in part because they have sizable PACs.

The CC shareholders' resolution asks the corporations to:

- disclose all political contributions made by their PACs for the last five years;
- provide a statement of the corporation's position on campaign finance reform legislation that includes overall spending limits and an aggregate PAC limit.

One hundred and forty-one CC members, with shares in some 32 companies, responded and 10 major corporations were selected for the introduction of the shareholder resolutions — Aetna Life & Casualty, American Express, BankAmerica, Citicorp, General Electric, General Motors, Mobil, 3M, Pfizer and Unisys.

"Until five years ago, church groups were virtually alone in their efforts to use corporate resolutions to change corporate behavior on social and political issues," says Chairman Cox. "Today, as a result of the involvement of powerful public and nonprofit institutions, 'social responsibility' resolutions are attracting substantially greater support among shareholders than in the early 1970s." ◆

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Terms: Political action committees; Effects; Campaign contributions; Interest groups; Voting; US Congress; Variables; Statistical analysis; Mathematical models; Studies

Codes: 2430 (Business-government relations); 9130 (Experimental/theoretical); 9190 (United States)

Abstract: Corporate political action committee (PAC) contributions affect legislative voting in the US House of Representatives and the US Senate. A legislator will be more apt to support pro-business legislation because corporate PAC contributions tend to make up a large share of a candidate's campaign chest. An analysis of 3 elections found that corporate PAC contributions had a significant effect on House voting patterns in all 3 elections. There was a statistically significant impact in 2 of the 3 elections for Senate seats. These results suggest that PACs have a great deal of influence on political outcomes. Corporate PACs apparently tend to be practical rather than ideological. This means that, with a given probability of support, a corporate PAC will contribute to the majority party. References. Equations. Tables.

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Corporate Campaign Contributions and Legislative Voting

Al Wilhite and Chris Paul

The Supreme Court ruling in *Pipefitters Local #52 vs the United States* allowed the formation of Political Action Committees (PACs) as a means of directing contributions from interest groups to candidates for elected federal office. Prior to the Court's decision, the Tillman Act of 1907 had prohibited monetary contributions by corporations, but allowed contributions by individuals associated with corporations. Union campaign contributions were limited to $5,000 by the Hatch Act in 1940, and completely forbidden by the Taft-Hartley Act in 1947. According to Epstein [6], the reported rationale for the legal exclusion of corporate and union campaign contributions was that their financial resources could make them unduly influencial. The Federal Election Campaign Act of 1971, which limited campaign contributions by unaffiliated individuals, was amended in 1974 to reflect the Supreme Court's decision.[1]

With the legalization of corporate- and union-affiliated PAC contributions, the number of PACs and the aggregate amount of their contributions increased substantially. For instance, Asghar Zardkoohi [28, p. 806] reports that the number of corporate PACs increased from 89 in 1974 to 1,310 in 1982. During this same period, corporate PAC contributions grew from $2.5 million to $27.4 million and replaced union PACs as the largest contributors to federal election campaign (Larry J. Sabato [20]). Despite the phenomenal increase in the number and size of corporate PACs, little has been done to investigate the impact of corporate PAC contributions on legislative outcomes. This is a surprising circumstance given the original rationale for barring corporate campaign contributions. The purpose of the present study is to address this issue.

A review of the literature on PAC campaign contributions reveals two general types of analytical approaches. The first approach seeks to identify the determinants of contributions. Generally, these studies explain contributions as a function of the candidate's ideology, electability, and personal political power. Examples of this approach include Zardkoohi [28]; Keith T. Poole and Thomas Romer [18]; Poole, Romer, and Howard Rosenthal

[19]; and Kevin B. Grier and Michael C. Munger [9]. The second approach investigates the impact of PAC campaign contributions on specific legislative votes. Examples of these studies include Jonathan T. Silberman and Carey C. Durden [22]; James B. Kau and Paul Rubin [12, 13, and 14]; Kau, Donald Keenan, and Rubin [15]; William P. Welch [25]; Henry W. Chappell, Jr. [4]; and John R. Wright [27].

The results obtained by the latter group of researchers have been mixed. For example, Silberman and Durden [22] and Kau and Rubin [13] conclude that the contribution patterns of labor PACs influence congressional voting on minimum wage legislation, while the empirical results obtained by Chappell [4] do not support this conclusion. In studies where contributions of multiple PAC groupings are considered, the findings of Kau, Keenan, and Rubin [15] support the influence of PACs on legislative voting, while those of Welch [25] and Wright [27] do not.

Studies that have specifically addressed the effect of corporate PACs have similarly yielded mixed results. Kau and Rubin [13] regressed corporate PAC contributions on "urban issues" legislation and found corporate PAC contributions significant for three of seven bills in 1972 and three of nine bills in 1978. For votes on "general issues," they found a significant correlation for only one of eight votes cast in 1978.

One reason these studies obtain conflicting results may be the structure of the empirical test employed. With the exception of Gregory M. Saltzman [2] and Al Wilhite and John Theilmann [26], studies of congressional voting behavior have concentrated on specific bills. This construct assumes a direct relationship between campaign contributions received by legislators and their vote on a specific piece of legislation. In other words, special interest PACs are buying votes. This simple vote-buying construct may not capture the more subtle relationships existing between campaign contributions and PACs' power to influence congressional voting.

Sabato [20] suggests that, as opposed to buying a "result," PAC contributors are buying "access." In effect, the buying of "access" increases the probability that the legislator will vote in accordance with the desires of the contributing group. For example, lobbyists have a better chance of meeting with legislators and having their phone calls returned if they represent interest groups that have made generous campaign contributions.

Over the course of a two-year legislative cycle, multiple issues that impinge on corporate interest may arise. The equimarginal principle suggests corporate lobbyists would allocate their political influence in an attempt to maximize the total benefit received. As a result, the single-bill construct may be too restrictive for isolating the influence of large PAC categories. The majority of political action committees have a variety of interests and pursue several different objectives, often banding together in support of a slate of issues drawn up in log-rolling exercises. Consequently, results of empirical studies that employ congressional voting on individual bills to access PA particular bill(s) selected. legislative process, the pres the probability that legislat A qualitative choice model contributions on this proba applied to the legislative [21] and Wilhite and Th including corporate PACs,

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individual bills to access PAC influence will be grossly dependent on the particular bill(s) selected. To model the multiple-issue nature of the legislative process, the present study constructs an issue index that reflects the probability that legislators will support a particular type of legislation. A qualitative choice model is employed to estimate the effect of campaign contributions on this probability index. While this methodology has been applied to the legislative voting interests of organized labor[2] (Saltzman [21] and Wilhite and Theilmann [26]), other special interest groups, including corporate PACs, have not been analyzed.

Additionally, previous studies on the topic of contribution-voting behavior use the absolute size of PAC contributions as a determinant of legislative voting behavior. This approach ignores the impact of other PAC and non-PAC contributions by implicitly assuming no scale or proportional effects. The present study uses the proportion of a candidate's total contributions derived from corporate PACs.

Finally, almost all the previous work in this area has concentrated on one chamber, the House of Representatives. This approach ignores the necessity of a bill to pass both houses before becoming law. The present study addresses the influence of corporate contributions in both the House and the Senate.

A MODEL OF CORPORATE CONTRIBUTIONS AND VOTING PATTERNS

As previously stated, this article does not use a simple vote-buying construct to explain contributions. Rather, contributions are posited as a lobbying tool. Special interest groups express their views and concerns about legislation through lobbyists who, in turn, need access to legislators. This access-buying strategy is expected to affect the agenda of issues, even if lobbyists fail on some specific measures.

To measure the degree of influence exerted by corporate PACs, an index is constructed to reflect the tendency of a representative or senator to support legislation of interest to corporations. This index is based on the ratings of Congress by the US Chamber of Commerce. Each year, the US Chamber of Commerce rates members of the House of Representatives and the Senate for their "pro-business slant" (Linda L. Fowler [8]). This measure is a zero-to-one hundred rating based on a collection of 10 to 15 legislative votes. An advantage of this measure is that it is not under the investigator's control. That is, issues included were selected by a third party. Dividing a two-year weighted average of the US Chamber of Commerce rating by 100 yields a number (hereafter called *CC*) lying between 0 and 1.[3] Because this fraction is constructed from a representative's voting record over a term, it reflects the probability that the representative will vote in favor of business legislation.[4] As this index approaches 1, the probability this member of Congress will support

probusiness legislation increases. The influence of corporate campaign contributions on this probability is the central focus of this study.

There are, however, some difficulties with the *CC* ratings in the present application. First, corporations are not always unified in their support for legislation. Second, the Chamber of Commerce ratings may not always reflect corporate concerns. To the extent that bills included in the *CC* rating are not important to all corporations, there will be some unexplained variation. This is an unavoidable consequence of aggregation. However, Poole and Romer [18] have demonstrated that ratings of this type are highly correlated with the preferences of PACs as revealed by their campaign contributions.

Two additional complications exist. First, the dependent variable is truncated on both ends, lying between 0 and 1. Thus, normal least squares procedures are inappropriate. Second, while corporate PAC money may influence the likelihood of pro-business voting, the reverse may also be true. That is, the likelihood that a representative is going to support business legislation will probably affect his or her campaign contributions from corporate PACs.[5] This is the well-known simultaneous equation bias.

The truncation problem is a common one in economics, because many economic decisions require choosing among specific options. In this work, the dependent variable is a fraction calculated from a set of discrete choices. Joseph Berkson [2 and 3] derived a logistic transformation procedure applicable to this type of situation, and that process is adopted here.

The Berkson transformation creates heteroscedastic residuals, and so estimation requires a weighted least squares procedure. Berkson proposes a weight that is equal to the inverse of the square root of the estimated variance, or $1/[n_i\ CC_i(1 - CC_i)]^{1/2}$, where *CC* is the pro-corporate voting proportion and n_i is the number of votes used to construct the rating.

Takeshi Amemiya and Frederick Nold [1] have shown that unless the logit model is modified to account for omitted independent variables this estimation is inefficient. As a result, the standard deviation of the estimated coefficients will be understated. This latter problem may lead to the acceptance of false hypotheses. They propose a modified weighted least squares approach in which the traditional Berkson weight is augmented by the estimated variance of random variable that serves as a surrogate for omitted variables. Specifically, this estimated variance, s^2, is equal to:

$$(1) \qquad s^2 = \frac{1}{T}\left[\sum_{i=1}^{n}(z_i - b_i\ x_i)^2 - \sum_{i=1}^{n}\frac{1}{n_i\ CC_i\ (1 - CC_i)}\right].$$

In Equation (1) T is the number of candidates, z is the log odds ratio, and b is a vector of parameters estimated by OLS for the variables in vector x. The variables included in the vector x are given in Equation (3).

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e given in Equation (3).

After estimating Equation (3) by OLS and calculating s^2, the Amemiya and Nold weights can be calculated as $(w_i)^{-1/2}$ where

$$w_i = s^2 + 1/[n_i CC_i(1 - CC_i)]\,. \tag{2}$$

Notice that if s^2 is set equal to zero, there is no omitted-variables problem; w_i reduces to the Berkson's suggested weight.

The second complication is the simultaneous determination of campaign contributions and the representative's voting behavior. While corporate campaign contributions may affect the probability of voting for business legislation, it is also likely that representatives with a history of supporting business will receive larger corporate contributions. A three-equation, simultaneous system is constructed to capture this interdependency and to measure the importance of corporate contributions and legislative voting. The first equation explains a representative's probability of supporting pro-corporate legislation or opposing legislation that corporations want defeated. The dependent variable, *LogitCC*, is a function of the relative magnitude of corporate PAC money, party affiliation, constituent characteristics, and political concerns.

A second equation explains the level of corporate PAC contributions, *CORP$*, as a function of the representative's expected probability of supporting corporate legislation, party affiliation, political influence, and the need for campaign contributions.

Because candidates receive contributions from many groups, it is the relative size of corporate support that is expected to influence legislators. Candidates who receive a large percentage of their money from corporations should be more amenable to business concerns than candidates with a small percentage of corporate support. A third equation, an identity, is added to define explicitly the relationship between corporate funds and total contributions. The complete model is:

$$logitCC = f(PCORP\$,\ REPUB,\ UNION,\ RTW,\ RPV,\ PORK) \tag{3}$$

$$CORP\$ = g(logitCC,\ REPUB,\ COMM,\ OPPONENT\$,\ WIN\%) \tag{4}$$

$$PCORP\$ = CORP\$/TOTAL\$. \tag{5}$$

The first explanatory variable in the *logitCC* equation is the proportion of the candidate's campaign chest made up of corporate PAC contributions, *PCORP$*. The sign and significance of the estimated coefficient for this variable should reflect the ability, or inability, of corporations to influence legislative votes with campaign contributions.

The second variable in Equation (3), *REPUB*, is a dummy variable set equal to one for candidates who are members of the Republican Party. Given an historic alliance between Republicans and business, this variable should have a positive coefficient. Poole and Romer [18] and Poole, Romer and Rosenthal [19] offer strong empirical evidence in support of this expectation.

The next three variables are constituent characteristics expected to reflect the pro- or anti-business views of the voting public in the legislator's district. *UNION* is a measure of the level of unionization within the district.[6] All else constant, a district with a higher percentage of its population belonging to unions is expected to elect representatives with pro-union positions. Because of the often competing interests of big business and organized labor, this variable is expected to have a negative coefficient. Along the same lines, states with right-to-work laws have a population that has, at some time, resisted unionization. These states, represented by the dummy variable *RTW*, are expected to elect legislators that are positively disposed towards business interests, *ceteris paribus*. The last constituent measure, *RPV*, is the percentage of the district that voted for the Republican presidential candidate in the last, or concurrent, presidential election. This variable is a broad measure of conservatism. Republican presidents tend to be more conservative and are more favorable towards business concerns than their Democratic counterparts. So, a district with a larger proportion of its population voting for the Republican presidential candidate is expected to contain voters that will elect pro-business representatives. Thomas R. Palfrey and Poole [17] have demonstrated that individuals who vote are more likely to be better informed and occupy an issue space to the left or right of nonvoters. As a result, it can be argued that past voting behavior should be an indicator of the voter's preferences and future voting behavior.

The last variable in Equation (3), *PORK*, is a control for the potentially disruptive effects of pork barrel legislation. The voting probability *logitCC*, is constructed from a series of roll call votes, and some of these votes yield direct benefits to particular districts or states. A representative from one of these districts would be more likely to support this legislation. For example, one of the issues included in the *CC* rating was funding for the Clinch River breeder reactor. Senators from the state of Tennessee are likely to support this bill regardless of their typical support or opposition to these types of projects undertaken elsewhere. Because this bill was included in the *CC* ratings, a representative supporting it will see an increase in his or her pro-business rating. Depending on the number of bills that fall into both categories, *CC* and *PORK*, the rankings may not accurately represent the legislator's vote probability. The dummy variable *PORK* is included to correct this bias.[7]

The first explanatory variable in the corporate PAC money equation, Equation (4), is *logitCC*. This variable reflects the probability that a representative will support corporate interests in Congress. Legislators with a history of pro-corporate votes will be looked on favorably, and are expected to receive greater contributions from corporate PACs. The second variable, *REPUB*, is a dummy variable set equal to 1 for members of the Republican party. If the Republican party is sympathetic to business

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interests, corporations will more readily support Republican candidates; and the estimated coefficient will be positive. The third variable, *COMM*, is another dummy variable set equal to 1 for representatives who chair or are the ranking minority member on one of the primary committees in the House or Senate. Also included in *COMM* are the minority leaders, majority leaders, and the party whips. This variable is a measure of political influence or leverage. Representatives and senators holding these positions have additional influence, and corporations are expected to give them special consideration.

The last two variables reflect the candidate's reelection chances, which in turn affects his or her demand for contributions. The first, *OPPONENT$*, is the amount of money a candidate's opponent has collected in campaign contributions. Gary C. Jacobson [11] showed this measure reflects the strength of the challenger. An opponent with a large campaign chest can run an aggressive campaign that increases the probability of defeat for the incumbent. In these cases, the incumbent is expected to respond by raising additional resources. For this reason the predicted impact of *OPPONENT$* on fund-raising is positive. The last variable in Equation (4), *WIN%*, is the winning vote margin from the previous election. An incumbent who won the last election by a large margin will discourage challengers, and the opposition is expected to be weak. Conversely, a small victory margin for the incumbent signals the opposition that the legislator may be vulnerable. In the latter case, the opposition is more likely to draft a formidable candidate, and a close and expensive race is expected. Therefore, the expected sign on *WIN%* is negative.

The last equation is an identity defining *PCORP$* as corporate PAC contributions, *CORP$*, divided by the candidates total campaign funds, *TOTAL$*. Holding other contributions constant, as corporate contributions increase, the percentage of the candidate's campaign chest composed of corporate PAC money rises. This may encourage the representative or senator to be even more supportive of business legislation leading to greater corporate PAC contributions, and so forth. This identity completes the simultaneous nature of the model. Because the proportion of corporate contributions, *PCORP$*, is affected by an endogenous variable, *CORP$*, it is correlated with the error term. The resulting simultaneous equation bias is eliminated by adopting the two-stage least squares procedure suggested by Theil [23].

Most of the data used in the estimation is obtained from tapes contained in the Federal Election Commission's *Report of Financial Activity* [7]. It is augmented with published data from *Congressional District in the 1970s* and in the 1980s and the 1980, 1982, and 1984 versions of *Politics in America: Members of Congress in Washington and at Home*.

THE EMPIRICAL RESULTS

Estimated parameters for the US House of Representatives are given in Table 1 and Table 2. Senate results follow in Table 3 and Table 4. The F-statistics suggest that a significant amount of the variation is being

Table 1

DETERMINANTS OF CORPORATE VOTING RECORDS (House of Representatives)

	1980	1982	1984
intercept	−.1182	−.3163**	.0885*
	(.0757)	(.1021)	(.0516)
PCORP$	.2148**	1.012**	.4645**
	(.0249)	(.0750)	(.0407)
REPUB	.6552**	1.850**	.7864**
	(.0145)	(.0304)	(.0094)
UNION	−.4246**	−4.747**	−.0139**
	(.1733)	(.4515)	(.0013)
RTW	.2634**	.3305**	.0995**
	(.0138)	(.0291)	(.0082)
RPV	1.364**	2.580**	.0084**
	(.0629)	(.1075)	(.0003)
PORK	.1861**	−.1572	
	(.0217)	(.1421)	
F	921.7	826.9	504.7

The top number is the estimated coefficient and its standard error is in parentheses.
** indicates significance at the .01 level.
* indicates significance at the .05 level.
In 1980, N=366, in 1982, N=379 and in 1984, N=382.

Table 2

DETERMINANTS OF CORPORATE CONTRIBUTIONS (House of Representatives)

	1980	1982	1984
intercept	−2.342*	5.809**	−10.948**
	(1.196)	(2.132)	(3.770)
logitCCUS	16.554**	22.188**	56.722**
	(.6439)	(1.004)	(2.771)
REPUB	−13.811**	−40.950**	−90.612**
	(1.126)	(3.008)	(5.583)
COMM	9.218**	17.459**	33.689**
	(.8420)	(1.739)	(2.479)
OPPONENT$	.0507**	.0342**	.0354**
	(.0026)	(.0032)	(.0054)
WIN%	−.0419*	−.1985**	−.5626**
	(.0200)	(.0425)	(.0671)
F	258.5	185.7	145.8

The top number is the estimated coefficient and its standard error in parentheses.
** indicates significance at the .01 level.
* indicates significance at the .05 level.

Table 3

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** indicates significance at the .01 level.
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In 1980 N=32, in 1982 N=56, and in 1

Table 4

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(.4515)	(.0013)
.3305**	.0995**
(.0291)	(.0082)
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(.1075)	(.0003)
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1982	1984
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(2.132)	(3.770)
22.188**	56.722**
(1.004)	(2.771)
40.950**	−90.612**
(3.008)	(5.583)
17.459**	33.689**
(1.739)	(2.479)
.0342**	.0354**
(.0032)	(.0054)
−.1985**	−.5626**
(.0425)	(.0671)
185.7	145.8

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Table 3

DETERMINANTS OF CORPORATE VOTING RECORDS (The Senate)

	1980	1982	1984
intercept	−2.289**	−2.617**	−2.207**
	(.6004)	(.2011)	(.1549)
PCORP$	.9329**	.2248**	.0117
	(.2484)	(.0558)	(.0240)
REPUB	.5252**	.0896**	.0520**
	(.0760)	(.0153)	(.0078)
UNION	.0858	−.0123	−.0014*
	(.4890)	(.1060)	(.0006)
RTW	.2846**	.0703**	.0041
	(.0659)	(.0237)	(.0059)
RPV	1.955**	.9843**	.0054**
	(.3592)	(.0983)	(.0004)
PORK	.2816*	.1406**	.0091
	(.1468)	(.0249)	(.0088)
F	67.1	56.6	113.8

The top number is the estimated coefficient and its standard error in parentheses.
** indicates significance at the .01 level.
* indicates significance at the .05 level.
In 1980 N=32, in 1982 N=36, and in 1984 N=31.

Table 4

DETERMINANTS OF CORPORATE CONTRIBUTIONS (The Senate)

	1980	1982	1984
intercept	74.056**	314.98**	413.90**
	(24.56)	(20.81)	(45.04)
logitCCUS	48.58**	180.34**	159.71*
	(12.75)	(21.56)	(77.42)
REPUB	45.67	44.79*	120.88*
	(32.01)	(23.98)	(65.11)
COMM	28.46	−10.77	−45.93
	(17.96)	(20.02)	(36.92)
OPPONENT$	.0629**	.0098*	.0242**
	(.0106)	(.0052)	(.0082)
WIN%	56.13**	47.62*	18.66
	(14.98)	(26.45)	(196.1)
F	28.4	37.3	21.2

The top number is the estimated coefficient and its standard error is in parentheses.
** indicates significance at the .01 level.
* indicates significance at the .05 level.

explained with this approach. With one persistent exception, the estimated coefficients have the expected signs.

Starting with the House results and concentrating on the central issue, the expected relationship between legislative voting and corporate PAC

contributions is upheld. Estimated coefficients for the *PCORP$* variable in Table 1 suggest that corporate PACs are able to influence legislative voting. The *PCORP$* coefficient is positive and significant at the 0.01 level in all three election years. Increasing the proportion of total campaign contributions received from corporate PACs results in an increased probability that the candidate will support pro-business legislation. In Table 2 the positive and significant coefficient on *logitCC* suggests that corporate PACs tend to give larger contributions to representatives with a strong pro-business voting history. PACs support their friends in Congress; and, as their support constitutes a larger share of a candidate's total funding, they influence voting patterns.

The remaining variables in Table 1 conform to a priori expectations. Republicans are more likely to support corporate interests than Democrats in Congress, and representatives from districts with a high level of unionization tend to be less sympathetic to corporate concerns. The right-to-work and Republican-presidential-vote variables are both significant and positively related to the probability of voting pro-business as expected. Finally, the *PORK* variable is significant in 1980 only. This suggests that the inclusion of pork barrel bills in the *CC* ratings overstates the ratings of some representatives. In 1982 the disruption was not significant, and in 1984 there were no such bills used in the House *CC* ratings.

Table 2 gives insight into the remaining factors affecting corporate PAC contributions. Surprisingly, the Republican dummy variable is negative and significant in all three election years, opposite the predicted sign. Republicans received less corporate money than Democrats, *ceteris paribus*. One explanation for this result is the majority status of the Democratic party. Because the ideology of a candidate with regards to business issues is explicitly captured in the *logitCC* variable, affiliation with the majority party may be more important than the indirect measure of ideology captured in the *REPUB* dummy. In all three of these congressional sessions the Democratic party controlled the House, chaired the committees, and possessed the most control over the fate of legislation. Corporations, being interested in political success, may funnel money to members of the majority party for this reason.[8] Leadership of the primary committees is also important to corporations as demonstrated by the positive and significant coefficient on *COMM*.

Finally, as the opponent's campaign chest grows, greater fund-raising is necessary on the part of the incumbent. The winning percentage of the previous election has the expected negative impact. When a candidate wins an election by a large margin, high *WIN%*, this discourages challengers. Usually an easy race follows and financial support is less important.

The Senate results, Tables 3 and 4, reinforce the findings for the House of Representatives, although the smaller sample size lowers the F-statistic and the level of significance for some individual variables. Corporate

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contributions had a positive and significant impact on senators' probability of voting for corporate legislation in 1980 and 1982, but they were insignificantly different from 0 in 1984. As was the case with the House of Representatives, the relationship flowed in both directions. Senators with a history of voting for corporate concerns received greater contributions.

The remaining estimated coefficients for the *logitCC* equation usually mirror the House results, that is, senators are more likely to support the corporate agenda if they are Republicans, if their home state had right-to-work laws, and if a high percentage of their population voted for Republican presidential candidates. However, *UNION* was significant in only one year, 1984. This suggests the level of unionization in a state does not predict senatorial support for legislation favored by corporations as well as it predicts representatives' votes.

The determinants of corporate PAC contributions, Table 4, generally follow the House results, but there are a few interesting differences. First, the estimated coefficients in Table 4 are usually larger than those in Table 2. This may reflect that Senate races are usually much more expensive than House contests. Second, the Republican dummy variable is positive and significant in the Senate model while it was significantly negative in the House model. It was suggested that the negative sign in the House regressions reflected the minority status of Republicans, and the Senate results are consistent with that explanation. Republicans were the majority party in the Senate during the 1982 and 1984 elections, which are the years with significantly positive coefficients. The estimated coefficient on *WIN%* is positive but strongly significant in only one year. Perhaps the security a candidate obtains from a big win dissipates over time. Thus, the dampening effect of a landslide, prevalent in the House studies, becomes less important in the Senate. Finally, the *PORK* variable was positive in all three sessions and significant in the first two. Pork barrel politics appear to have an impact on Senate *CC* ratings.

SUMMARY AND CONCLUSIONS

These results suggest that corporate PAC contributions affect legislative voting in the House of Representatives and in the Senate. As corporate contributions comprise a larger share of a candidate's campaign chest, there is an increased probability that the legislator will support pro-business legislation. Representatives in the House were significantly influenced in all three elections studied, and two out of three of the Senate studies found a statistically significant impact. Combining this corporate evidence with the organized labor evidence provided by Saltzman [21] and Wilhite and Theilmann [26], PACs appear to have a great deal of influence on political outcomes. The estimates also suggest that corporate PACs tend

to be practical rather ideological. Thus, with a given probability of support, corporate PACs will contribute to the majority party.

As Tullock [24] speculated, contributions do seem to have a rate of return because political decisions can be affected and these decisions can have a large impact on a firm's revenues or costs. Further study is required to measure this return and compare it with other investment alternatives, but the continuing existence and growth of political action committees suggests that it is competitive with alternative investment opportunities.

NOTES

1. This discussion is based on Grier and Munger [8].
2. Saltzman [20] allows for the offsetting impact of corporate contributions on the political efforts of organized labor, but corporate goals are not studied directly.
3. The weights are the number of votes used to construct the rating each year.
4. Senate ratings use a six-year weighted average.
5. This causality question also arises because of the data used in these types of studies; that is, some issues in the *CC* rating are voted on before a contribution, others after. As if often the case, the decision-makers have more information than the researcher. Lobbyists and legislators are expected to continuously reevaluate their expectations and needs over a congressional term. The investigator, unfortunately, must rely on a voting and contributions record that spans the entire legislative cycle. The resulting proxies, *CC* and corporate money, are simultaneously determined.
6. Union membership by congressional districts is unavailable. A proxy was constructed by multiplying the state's unionization rate by the percentage of blue collar workers in each district. The state average is used in the Senate studies.
7. Funding for the Clinch River Breeder Reactor, and opposition to the Windfall Profits Tax on oil were the only pork barrel issues in these three congressional sessions. These bills were assumed to affect representatives and Senators from Louisiana, Texas, and Oklahoma and select districts in Tennessee.
8. We are indebted to K. J. Tan for this insight.

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Special Editor of This Volume

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PREFACE

In the past decade, election reform has received a great deal of attention as an issue affecting both the federal government and the states. In this volume, the attempt was made to present an overview of election reform that will introduce the reader to its importance while exploring its many and varied facets.

The elections of 1972 brought on an explosion of data and comment that has shown few signs of abating. The Federal Election Campaign Act of 1971, the Revenue Act of 1971, their impact on the 1972 elections, and the 1974 amendments all made the subject of election reform an important one to the future of our democracy. The Supreme Court decision in the case of *Buckley v. Valeo* affected dramatically the reform movement. The role of the newly established Federal Election Commission and the operation of government funding in the 1976 presidential elections are drawing continuing attention and assessment.

This volume attempts to touch upon all important aspects of law, its operation, and impact. The articles contain a mixture of description and analysis, of the practical and the theoretical. They deal with the ways money is raised and spent, the role of special interests, the role of reform groups, and the role of government in both regulating and supplying funds where public financing laws are in effect.

Each author has previously published in the field of political finance, and this issue offers opportunity for each to rethink our approach in view of the rapid succession of events affecting the field. The Supreme Court decision required rewriting by some authors, who did so promptly and thoughtfully in view of the time element involved.

Thanks are due to each author, and to THE ANNALS for the opportunity to present this collection of articles.

HERBERT E. ALEXANDER

ANNALS, AAPSS, 425, May 1976

Rethinking Election Reform

By HERBERT E. ALEXANDER

ABSTRACT: Occasionally, a public issue surfaces which relates to the basic fibers of our democratic system, an issue whose resolution further translates the democratic theory of 1776 into actual practice. Such is the issue of election reform. The problem is how to apply democratic principles to elections in an age of media politics seemingly dominated by dollar politics. The electoral process presents perhaps a classic conflict between the democratic theory of full public dialogue in free elections and the conditions of an economic marketplace. Election law reform has become a high priority issue; within the last five years, federal laws regulating election campaigns have been changed twice, and 44 states have revised theirs. More revisions are occurring in the wake of the landmark Supreme Court decision in *Buckley* v. *Valeo*. Reform is not neutral but works to change institutions and processes, sometimes in unforeseen ways. Laws regulating relationships between candidates and political parties, and citizens and politicians, and affecting the relative power of interest groups, are bound to influence the entire political process and change the participation of citizens, candidates, parties, and other groups in elections. Recent changes are certain to have direct consequences for the two-party system, constitutional protections, and levels of participation and confidence in the electoral system.

Herbert E. Alexander has been the Director of the Citizens' Research Foundation in Princeton, New Jersey, since 1958. He taught at Princeton University and the University of Pennsylvania. In the past, he has served as Executive Director of the President's Commission on Campaign Costs, Consultant to the President of the United States, and Consultant to the Comptroller General of the United States and to the Office of Federal Elections at the General Accounting Office. In 1973, he also undertook consultancies with the New Jersey Election Law Enforcement Commission and the U. S. Senate Select Committee on Presidential Campaign Activities, and in 1974 with the New York State Board of Elections and the Illinois Board of Elections. He is the author of Financing the 1972 Election *and* Money in Politics, *among other books.*

OCCASIONALLY, a public issue surfaces which relates to the basic fibers of our democratic system, and whose resolution further translates the democratic theory of 1776 into actual practice. Such were the issues of black and woman suffrage, of the civil and voting rights movements. The series of events known as Watergate and other disclosures, such as the Agnew resignation, produced many issues relating to our democratic system, but none are more profound than those relating to the electoral process. The problem is how to apply democratic principles to elections in an age of media politics seemingly dominated by an atmosphere of dollar politics. The electoral process presents perhaps a classic case of conflict between the democratic theory of full public dialogue in free elections and the conditions of an economic marketplace. While there is no unabridgeable First Amendment right to unrestricted electioneering, in determining the extent of regulation it is necessary to strike a balance between protecting the integrity of the electoral system and making laws that give candidates or government administrators discretion to prohibit free speech or that have a chilling effect on citizen participation.

The prevalence of corrupt practices and criminal actions in the 1972 presidential election could have provided the impetus for broad political reform that would extend and expand citizen participation in the governing processes. Instead, many of the reforms that were enacted tended to restrict and limit certain forms of electoral participation rather than to enlarge it. Designed to restrict wealth and special interests in politics, some of reforms were so exclusionary that the Supreme Court partially struck them down in the case of *Buckley* v. *Valeo*.[1] Even without the Supreme Court decision, many of the enacted reforms would have had uncertain impact upon our political structure, and the surviving reforms need to be studied carefully to consider their possible consequences to the electoral processes. We are faced with the dilemma of knowing we need reform but not knowing precisely the form reform should take. This uncertainty existed before the Supreme Court laid down its guidelines for constitutional regulation of political finance, and it exists in its aftermath as well.

Within the past five years, federal laws regulating election campaigns were twice changed, and 44 states revised theirs; federal law will be revised again in the wake of the landmark Supreme Court decision, and probably again following the 1976 elections when the law can be revised in view of the experience gained from its operation in 1976. Much useful experimentation has occurred both at the federal level and in the states. Reform, however, is not neutral, but works to change institutions and processes, sometimes in unforeseen ways. The reform of our election laws—regulating elections which in turn help determine who will be elected to write other laws—surprisingly became a priority issue. As Douglas Rae points out,[2] election laws can be used—in fact are used—as instruments to achieve certain political goals. Laws that regulate rela-

1. 75-436 and 75-437. Slip Opinion (1976).
2. Douglas W. Rae, *The Political Consequences of Electoral Laws* (New Haven and London: Yale University Press, 1967).

tionships between candidates and political parties, and between citizens and politicians, and that affect the relative power of interest groups (including political parties), are bound to influence the entire political process and change the ways in which citizens, candidates, parties, and other groups participate and interact in elections. The changes of the past several years are certain to have direct consequences for the two-party system, and to bring structural modifications in the institutions which participate in electoral activity.

Before the Supreme Court decision in January 1976, the United States stood on the crest of a reform movement reminiscent of the one around the turn of the century, when the excesses of the Mark Hannas and the corporations fueled the Populist and muckraker movements. Among reforms enacted in the earlier period were the prohibition of corporate contributions, disclosure of political funds, the direct election of senators, primary elections, and referenda and initiatives—the latter so popular lately in enacting "sunshine" measures in seven states.

Few would argue that much of what was set in motion then was not healthy for the American body politic. Yet in retrospect, some of these reforms caused unforeseen problems. For example, in the interest of taking the selection of candidates out of the hands of a few party bosses, the system of primary elections was inaugurated. That system today has swollen to almost universal proportions—the cost of primary elections is high, candidates are numerous, voter turnout is low, the political parties are weaker—and primaries are far from being the kinds of referenda the reformers in the early twentieth century envisioned.[3]

So too in the current reform movement, no doubt changes were generated that would have unexpected impact on the political system. Many of the new laws brought challenges in the courts and predictably, despite the definitive Supreme Court ruling, we shall experience a decade of litigation in the "sunshine" and political finance areas. Just as the past decade was marked by a series of conflicting court decisions in respect to obscenity and pornography, the years ahead probably will see the same kind of inconsistent and contradictory rulings in the area of elections. Involved here are essentially questions of public discussion and political dialogue, certainly the highest order of meaning of the First Amendment and vastly more important than the question of whether or not a city can have go-go girls or x-rated movies. Just as surely as recently-enacted laws will have impact, so will court decisions refine and modify the thrust of recent change.

Court-mandated change is occurring at this writing, bringing uncertainty to the future of reform. While the impact of the Supreme Court's decision has not been fully measured in terms of how workable and equitable a system of regulation was left intact, no doubt a watershed period in the history of regulation has been created, a period in which directions will shift. While the re-

3. Derived from Herbert E. Alexander, "The Impact of Election Reform Legislation on the Political Party System," an unpublished paper delivered at the 1975 Annual Meeting of the American Political Science Association, San Francisco, California, 5 September 1975.

formers' thrust had been in the direction of restricting large contributions and special interests, the Court's thrust was in the direction of reopening certain channels for big money to enter politics. While the reformers' thrust had been in the direction of limiting campaign expenditures, the Court's thrust was in the direction of permitting unlimited individual expenditures by a candidate for his own campaign, and by any individuals and groups independent of coordination with the candidate's campaign. New regulatory patterns will emerge from the crucible in which the reformers seek to fend off the waning memories of Watergate, the backlash to the reforms of the past five years, and the implications of the Supreme Court decision.

Before the decision, the reform movement had achieved comprehensive and stringent regulation both at the federal level and in many of the states. This was no "fake reform" but a far-reaching one that was changing the system radically. Reformers often feared the dangers of incomplete reform, but were on the way to achieving a real one when the Supreme Court reversed it in its path.

The incidence of the reform is illustrated in the fact that the federal government and 35 states plus the District of Columbia had enacted various forms of candidate expenditure limits.[4] Most of these limits were drafted to be effective, unlike earlier versions prior to 1972 which were open to evasion and avoidance, and hence were ineffective. With only partial exceptions, the new limits required expenditures on behalf of a candidate from whatever source to be counted toward the candidate's limit. This required candidates to centralize their fund raising and spending and gave them veto power over expenditures they did not want to authorize to be spent in their campaigns. Then the Supreme Court declared such candidate expenditure limits unconstitutional when not tied to acceptance by the candidate of government funding. In striking down two categories of personal limits on expenditures that were tied to the candidate limits and which made them effective—limits on candidates spending their own money in their own campaigns and limits on individual and group spending by citizens independent of the candidate—the Court decision also affected 31 states which had enacted restrictions on individual spending independent of the candidate.

The regulation of political finance is essentially a process rather than a substantive matter. The conventional wisdom did not portray its appeal as a political issue, yet it came to capture widespread attention. The subject had been so neglected for so long that major revisions of laws were long overdue. Great intensity of feeling propelled the movement forward. In the past, reform had been an issue that was hard to translate into voter enthusiasm and interest. In addition, the

4. *Analysis of Federal and State Campaign Finance Law: Quick-Reference Charts*, prepared for the Federal Election Commission by the American Law Division of the Congressional Research Service, Library of Congress, Washington, D.C. (June 1975); for a continuing monthly survey of federal and state election laws, and relevant litigation, see *Federal-State Election Law Survey: An Analysis of State Legislation, Federal Legislation and Judicial Decisions*, prepared for the Federal Election Commission by the American Law Division of the Congressional Research Service, Library of Congress, Washington, D.C.

legislators who were successful under the prevailing system were often reluctant to rock any boats that might spill them out of office.

But for a variety of reasons since the late 1960s, reform began to overcome such obstacles. The drive for change was kept alive by the ever-increasing costs of campaigning, the increasing incidence of millionaire candidates, the large disparities in campaign spending as between various candidates and political parties, some obvious cases of undue influence on the decision-making process by large contributors and special interests, and the apparent advantages of incumbency in an age of mass communications with a constant focus on the lives and activities of officeholders.

Watergate was important in the reform cause, but reform was well underway, particularly in the states, before the name of the Washington office complex became a synonym for political corruption and unfair practices. Watergate served as a catalyst. Groups such as Common Cause exploited the issue dramatically, using it to focus further attention on election reform. Recognition mounted that existing laws had been inadequate to regulate changed conditions, that enforcement had been lax, that massive change in the content of law and in its implementation were essential.

The intensity of feeling that the long dormant reform issue came to engender was characterized by the discussions of the question in meetings of the American Civil Liberties Union (ACLU). Debate over how far reform should go, how to balance the First Amendment rights of free speech against the perceived need to protect the integrity of the election system, has been one of the most divisive issues that the ACLU has had to face in a number of years. The ACLU became a litigant in *Buckley* v. *Valeo*, but not until its appeal to the Supreme Court; others had initiated the case.

Now that the Supreme Court has moved into the thicket of election law, more cases can be expected. The decision paved the way for further litigation, and in fact the Court seemed to invite more litigation regarding treatment of minor parties. Of course, excessive litigation might tend to make election law more controversial than it already is and could even reduce public confidence in the electoral system—an irony, because some of the most restrictive legislation which the Court struck down was deemed necessary by its sponsors in order to increase confidence in the election system.

The outlines of the new regulation following the decision will include full disclosure and partial public funding. By restricting an application of candidate expenditure limits to campaigns in which candidates choose to accept government funding, the Supreme Court sanctioned a mixed system with two parallel classifications of candidates—those accepting government funds and spending limitations tied to them, and those choosing private funding and no limits. It will be very difficult to regulate fairly these differing classes of candidates when one is campaigning for the same nomination or office against the other. It will be very difficult for political party committees to apply limits to their campaigning on behalf of their candidates taking government funds, in contrast to no limits applying to the parallel campaigning they can do for candidates on the same ticket not taking government funds. In any case, the extent of public

funding will be determined by federal and state governments now operating in a period of economic recession characterized by tight government budgets, in which priorities in spending government dollars will discourage, at least in the short run, widespread adoption of partial government funding. Moreover, the limitations tied to the candidate's acceptance of government funding, even when activated by the availability of government funds, are illusory because threatened by independent expenditures made without his control of their use. The Supreme Court insisted that there be no prearrangement or coordination with the candidate when such expenditures are made. Hence many such expenditures may be wasteful or counterproductive, raising the policy question of whether it would be desirable to increase both candidate expenditure limits and individual and group contribution limits, in order to open the way to the channeling of such money into the candidate's campaign where its utility is greater than if it is spent truly independently, or to repeal contribution limits entirely.

BIPARTISAN COMMISSIONS

The laws generally will be administered by bipartisan independent commissions, appointed by the president at the federal level and by the governor at the state level. Some 25 states, as well as the federal government, have such commissions. These commissions are an attempt to isolate as much as possible from political pressures the functions of receiving, auditing, tabulating, publicizing, and preserving the reports of political and campaign receipts and expenditures required by law. The commissions generally have replaced partisan election officials, such as secretaries of state, who traditionally were repositories of campaign fund reports, but whose partisanship as elected or appointed officials did not make them ideal administrators or enforcers of election law. Some commissions have strong powers, including the right to issue subpoenas and to assess penalties—powers which also are available for the commissions' administration and enforcement of contribution limits and of public funding where applicable. The commissions seek to enhance compliance with the law while providing information to the public. In implementing their quasi-judicial powers, commissions are learning how to provide fair administrative procedures and firm adherence to due process of law.

While bipartisan election commissions theoretically are insulated from political pressures by virtue of their independent status and equal representation of the two major parties, their constitutional and enforcement problems are many. The method of choosing the Federal Election Commission was challenged successfully in *Buckley* v. *Valeo* on the ground that congressional appointments create a violation of the separation of powers; an Alaska court rejected a challenge to that state's law which claimed that appointment to the election commission from lists submitted by the Democratic and Republican parties was unwarranted statutory protection of those parties.[5] However, an Illinois court ruled that the manner of selection of the bipartisan State Board of Elections contravened the state constitutional pro-

5. *Abramczyk* v. *State of Alaska*, Superior Court, 3rd Judicial Circuit, no. 74-6426 (1975).

hibition against the legislative appointment of officers of the executive branch.[6] Members of the Illinois board were nominated by the majority and minority leaders of each house of the legislature; each leader nominated two persons, one of whom must be selected by the governor.

Commissions having civil prosecutorial power must refer apparent criminal violations to an appropriate enforcement officer—normally an attorney general or district attorney—who is a partisan official with discretion on whether to pursue referrals. While these officials are often less well equipped than the commissions to deal with election violations, there is no alternative to referring criminal violations to them.

DISCLOSURE

Among the powers mandated by some laws is the responsibility to make data compilations of candidate and committee receipts and expenditures on an annual basis or after each primary or general election. Laws in the past have failed to provide for systematic analysis of disclosed data but are increasingly doing so as a means of assisting compliance and also of assessing trends and the effectiveness of the law. Among the most comprehensive state reports summarizing data have been those of New Jersey,[7] Alaska,[8] and Wisconsin.[9] For a number of years, Oregon[10] and Kentucky[11] have been issuing less comprehensive summaries of receipts and expenditures by candidate, committee, party, and type of election. If budgetary considerations permit, more states will be issuing similar compilations that will be continuing sources of data for the press and for students of political finance. Unfortunately, tight budgets may cause some states to discontinue or reduce the comprehensiveness of their compilations.

Although as recently as 1972, nine states had no disclosure of political funds, now only North Dakota requires none. Fully 31 of the states now require such disclosure both before and after elections. Preelection disclosure is essential if voters are to be able to assess disclosed information before the voting decision is made.

Full disclosure of political income and disbursement is widely recognized as a basic requirement in eliminating campaign abuses. Full and frequent disclosure is a keystone of regulation, is now fully sanctioned by the Supreme Court, and is the most common and widely used form of regulation of money in politics.

Challenges to disclosure laws have come in the form of a series of suits by the Socialist Workers

6. *Walker* v. *State Board of Elections*, Illinois Circuit Court, 7th Judicial Circuit, no. 364-75 (1975).

7. N.J. Election Law Enforcement Commission, "General Election, 11-6-73: Report of Contributions; Report of Receipts & Disbursements—Statewide & Legislative; Receipt & Disbursement Totals; Report of Receipts & Disbursements, Co. & Local, Atlantic-Middlesex; Report of Receipts & Disbursements, Co. & Local, Monmouth-War-

8. *Annual Report, 1974*, State of Alaska Election Campaign Commission, March 1975).

9. *Annual Report of Wisconsin State Elections Board* (October 1975), vols. 1 and 2.

10. "Summary Report of Campaign Contributions and Expenditures, 1974 General Election," Oregon Sec. of State, Elections Division.

11. "Kentucky Primary and General Election, 1972 Report," Kentucky Registry of Election Finance, Louisville, Kentucky, 1973.

Party (SWP), supported by ACLU, at the federal level[12] and in several states. The party has charged that disclosure laws reveal the names of its supporters, making them targets of police and FBI surveillance and harassment, as well as of career-damage for belonging to or contributing to an unpopular party. Although several states have reduced minor party reporting requirements, the U.S. Supreme Court declared disclosure acceptable for minor parties but left open to further litigation complaints if damage can be shown.

Although sanctioned by the Supreme Court, the future of contribution limits is in doubt, as noted, to be determined eventually by an assessment of their validity in the face of constitutional protection for unlimited spending by candidates of their own money on their own behalf and for unlimited direct spending on behalf of candidates by individuals and groups independent of the candidate; these two elements threaten to disadvantage candidates running against millionaires willing to spend their own funds, thus handicapping the former who are able to receive only limited contributions. Some 22 states limit individual contributions, while other forms of prohibition, such as of corporate or labor contributions, are also part of the federal and state pattern of regulation.

TRENDS IN GOVERNMENTAL ACTION

The enactment of the Federal Election Campaign Act (FECA) Amendments of 1974 has been equated with four trends in recent governmental action, pointing toward equality and leveling;[13] toward increases in governmental power and regulation, especially in the action-laden areas of government and public policy; toward the extension of public authority over private activities; and toward disclosure, publicity, and openness in contrast to the secrecy and dissembling so frequently observed in the history of political finance. Only with reference to the first trend does the Supreme Court decision point markedly in the opposite direction, that is, away from equality and leveling. In 1972 Joseph Kraft warned that in a reformist revival, "[M]any . . . things of value in American life—especially high culture and civil liberties would . . . go up against the egalitarian wall."[14] That was prophetic in terms of what happened in election reform, which did begin to infringe on civil liberties. Actually the restrictive federal limits the Court declared unconstitutional were only law for 13 months[15] and their impact had not yet been fully realized.

But by allowing unlimited personal expenditures both by candidates and by individuals independent of the candidate, the decision reopened avenues for a new infusion of wealth and monied interests into the electoral process. By sanctioning disclosure and government funding, the Supreme Court has encouraged

12. *Socialist Workers Party* v. *Jennings*, Civ. no. 74-1338 (D.C.D.C.)

13. Robert J. O'Connor and Jose S. Sorzano, "Normative and Empirical Aspects of the Campaign Finance Reform Act," paper delivered at the Annual Meeting of the Southern Political Science Association, Nashville, Tennessee, November 1975.

14. Joseph Kraft, "Review," *New York Times Book Review*, 12 March 1972.

15. Excepting for the limitations on spending by candidates and their immediate families on their own candidacies, which were in effect for almost four years.

governmental power and regulation in an extension of public authority over private activities.

The trend toward the extension of public authority over heretofore private activities is illuminated by arguments favoring voluntarism in politics. As the President's Commission on Campaign Costs noted in its Report, *Financing Presidential Campaigns*:

> the long heritage of American political life [is] a heritage consistently embracing two important elements: (1) a profound belief in widespread citizen participation; and (2) an equally deep belief in voluntary action—a belief that politics should be animated by the voluntary efforts of individuals, groups, and organizations rather than by government.[16]

Recent election reform had its own impact on voluntarism, as well as having been affected by it. While voluntary groups of reformers sought and influenced change, some of the new laws at both the federal and state levels created environments in which certain forms of political voluntarism were affected because the laws influenced the roles of political parties, special interests, and political action groups—all dependent upon voluntary action of citizens. Furthermore, the new technologies and the professionalization of politics brought on in part by the laws themselves are also having important consequences for voluntarism. For example, computers are being used for direct mail fund raising as well as for accounting services for larger campaigns, to some extent displacing volunteers who cannot provide the sophisticated needs, thus putting new financial demands upon campaigns to pay for the necessary services, and leading to a new dependence on certain professionals.

The Federal Election Campaign Act of 1971,[17] the 1974 amendments,[18] and the state equivalents, can be compared to the Securities Exchange Act of 1934. That act required public corporations to systematize and publicize their bookkeeping, which led private lawyers and accountants to set up standards which in turn brought about a far greater degree of voluntary compliance than the Securities and Exchange Commission alone would have been able to command. Labor unions felt the same disciplining effect when the Landrum-Griffin Act passed, and foundations felt it when the Tax Reform Act of 1969 was enacted. The FECA has had a comparable effect on politics. But a harsher price must be paid for effective governmental regulation in an activity such as politics, because politics is so dependent on voluntary action. Corporations, labor unions, and foundations can assign paid workers to cope. Because money is a scarce resource in politics, candidates and parties and committees cannot as readily pay salaries to ensure compliance. Thus, government regulation which is so necessary in politics, must be calibrated to achieve the fine balance between keeping politics fair and democratic and overburdening and stifling it. Some citizens may be reluctant to participate if, before taking action, an advisory opinion must be sought for fear of otherwise violating the law. Spontaneity and enthusiasm may be reduced, to the

16. *Financing Presidential Campaigns*, Report of the President's Commission on Campaign Costs (Washington, D.C.: U.S. Government Printing Office, 1962), p. 1.

17. P.L. 92-225.
18. P.L. 93-443.

detriment of the system. Government has a significant role to play, but for both constitutional and practical reasons, government regulation must be designed to permit the full play of ideas and competition. The goals in a democracy should be to encourage political dialogue and citizen participation. Partial government funding should assist parties and candidates to meet the necessary costs in a system of free elections. But government dominance over the electoral processes is certain to have adverse impact, which is why programs of regulation and of government funding will require constant oversight and evaluation as to their operation, impact, and consequences.

In short, the ways we regulate political finance affect numerous concerns central to the vitality of our democracy, to the integrity of the election process, to levels of public confidence in the election process, to the robustness of our public dialogue, to the freedom to criticize and to challenge effectively those in control of government, to the survival of the political parties and the durability of the two-party system, to the participation by citizens in the political process, and to the effectiveness of groups in our pluralistic society. So there is much more to be concerned with than merely prohibiting corrupt practices or reducing the influence of monied interests.

PUBLIC FUNDING

The future of American elections will be greatly affected by developments in the 50 states, some of which have moved more steadily and experimentally than the federal government in their efforts to deal with political money. At the state level, the election reform movement has been truly remarkable, although overshadowed by the Watergate headlines. Of the 44 states that passed some kind of political finance legislation in the past five years, 26 did so in 1974 alone. The remaining states are considering new legislation, while many others are in the process of reviewing and revising the laws in the wake of the Supreme Court decision.

The states have proved, in election law, to be the "laboratories of reform" that Justice Louis D. Brandeis once called them. As Brandeis suggested, the advantage of experimentation by the states is that mistakes made in a few will not significantly harm the entire nation, while successes at the state level can serve as models for other states and for federal law. An understanding of what is happening at the state level is thus crucial at this time of intense activity and debate about political finance and government funding.

Eight states have check-off provisions which generate campaign funds from state income tax. In four of the eight—Idaho, Iowa, Rhode Island, and Utah—the money raised is distributed without restrictions to the parties. In the other four, the money goes to the party but with restrictions: in Michigan and Montana the money goes to gubernatorial campaigns only, in Minnesota the money is distributed to selected categories of candidates according to formula, and in North Carolina the money goes to specified general election candidates only.

Two additional states have enacted surcharge provisions. In Maine, any taxpayer who is due a tax refund may designate that $1 of the refund be paid to a specified political party; if no refund is due, the tax-

payer may add $1 to his tax liability. Maryland's law, due to go into effect in 1978, provides that the taxpayer can opt for a $2 surcharge to be paid into a Fair Campaign Financing Fund. As might be expected, the rate of taxpayer participation is considerably lower under a surcharge program—near 1 percent in Maine—than it is in check-off programs—up to 25 percent in Minnesota—in which tax dollars that would have been paid in any case are simply diverted to political uses.

In four states where voters may make a party designation of the tax money—Iowa, Minnesota, and Rhode Island by check-off, Maine by surcharge—the Democrats are doing considerably better than the Republicans, ranging from about three-to-one in Rhode Island to about three-to-two in Iowa. The Democratic edge has led some observers to be concerned about the implications for the Republicans, already in a weaker position. In Rhode Island and Minnesota, the Republicans considered filing suits against the check-offs, claiming them to be discriminatory and unconstitutional, but so far have failed to do so.

With or without check-offs, states counted as offering government support to state campaigns mainly do so on a matching incentive basis. For example, New Jersey law provides for a matching program whereby a gubernatorial candidate in the general election, after reaching a threshold of $40,000 in private contributions not exceeding $600 each, can be eligible for matching funds of two dollars for each private dollar raised. New Jersey does not have a state income tax, so no check-off system is possible and funds must be appropriated. The New Jersey program is scheduled to go into operation in the 1977 gubernatorial elections, but no appropriation has yet been made.[19]

Although public subsidies in campaigns evoke much rhetoric for and against, scant attention has been paid to the implications of the various plans for the political system in general and the two-party system in particular. Questions of fairness, cost, administration, and enforcement need to be asked, assumptions challenged, and understanding developed of the conditions that ought to be met if subsidies are to be provided. Public financing is not a panacea, and it will bring fundamental changes in the political structure and electoral processes.

The main design difficulties in public funding are who should receive the subsidy and how and when it should be made. The goal of government subsidization is to help serious candidates, yet retain enough flexibility to permit opportunity to challenge those in power without supporting with significant tax dollars candidates who are merely seeking free publicity, and without attracting so many candidates that the electoral process is degraded. Accordingly, the most difficult policy problems in working out fair subsidies are definitional: how to define major and minor parties and distinguish serious and frivolous candidates without doing violence to equality of opportunity or to "equal protection" under the Constitution? Any standards must be arbitrary, and certain screening devices must be used, based upon past vote, numbers of petitions, numbers of smaller contributions to achieve qualifying levels, or other means.

19. The Oregon legislature has passed a public financing measure that will be submitted to voters in an initiative in 1976.

Some of these means require "start-up" funds (or seed money) or masses of volunteers to get petitions signed, and some plans, such as matching incentives, require popular appeal measured by qualifying contributions that can best be achieved through incumbency or years of exposure, which also costs money.[20]

While it is desirable to increase competition in the electoral arena, there are certain related considerations. One is whether the provisions of government funding can induce two-party competition in one-party areas or one-party dominant areas by means of providing funding to candidates of the minority party; competition may be extremely hard to stimulate. Another consideration is whether government dominance of the electoral process will follow government funding.

As the states enact forms of public financing, the large number of elected officials—a hallmark of this country's political system—will become all too obvious. In the United States, over a four-year cycle, more than 500,000 public officials are elected, and that number does not include campaigns for nomination. Long ballots require candidates to spend money in the mere quest for visibility, and the long ballot and frequent elections combined bring both voter fatigue and low turnout. In New Jersey, there are statewide elections at least every six months because the gubernatorial and state legislative elections are held in odd-numbered years. New Jersey, however, elects only one constitutionally-mandated statewide public official—the governor—and then lets him appoint the rest. As financial pressures mount, states might give increasing consideration to reducing the number of elective offices, thus diminishing the amounts of money (whether public or private) needed to sustain the electoral system.

Public funding of political campaigns, when the money is given directly to candidates, may accelerate the trend toward candidate independence and could diminish the role of the two major parties. With government funding available, and made doubly attractive by limits on private contributions, the candidate's need to rely on party identification will be greatly lessened. Funded even partially with government monies, the candidate has less need to identify with his party. While traditionally in most areas the parties have not provided much money to candidates, they have eased fund raising for candidates by opening access to party activists for volunteer work and to contributors for money. To the extent that such obligations are reduced, the trend may be toward candidates even more independent of the parties than in the past, with two results: (1) lessening ability to produce coherent majorities in legislatures; and (2) the nationalization of California-style personalized politics.

This would seem less of a problem in presidential campaigns because the party identification of the candidate is widely known. The Nixon reelection example is instructive. Massive funds independent of the

20. The Supreme Court in *Buckley* v. *Valeo* sanctioned the definition of a major party as one having received 25 percent or more of the vote in the previous presidential election and a minor party as one having received 5 percent or more of the vote in either the previous presidential election or in the current one. The Supreme Court also sanctioned the formula for qualification of a candidate for presidential nomination to receive matching funds.

party facilitated the distinct separation of Nixon's campaign from that of the Republican party, to the detriment of both.

If public financing directly to candidates is extended to senatorial and congressional campaigns as well, reduced party loyalty might result, fragmenting both majorities and minorities, possibly leading to new factionalism and splinter parties. At the least, one can speculate that subsidies directly to candidates without reference to parties will lead to more independence in legislatures and an erosion of party feeling. At a time when there is concern over executive-legislative relationships, and about executive encroachment and weak legislatures, any further splintering of Congress or of state legislatures could accelerate the diminution of the legislative branch. The operation of checks and balances would be less constant if legislatures are weakened further. An elected officeholder who ignored the demands of the leadership would not be fearful of being frozen out of a reelection bid or denied adequate funds because government would provide at least partial funding. The parties can be an important part of the balancing act, and therefore need continuing, not diminishing, relationships with legislators carrying the party label. Accordingly, the parties need public funding independent of any government money given to candidates, and ways should be thought through in which candidate-funding at least in the general election period can be channeled through the party.

Otherwise, the parties may lose some leverage. The public policy consideration is whether it is desirable in our candidate-centered culture to further divorce candidates from the parties on whose tickets they run. The Committee for the Re-Election of the President is a prime example of a wholly candidate-oriented campaign where the purpose was only to get Richard M. Nixon reelected, without regard for electing Republicans to Congress or in the states. Had the Republican National Committee been running the campaign, there also would have been concerns other than merely electing a president, and there also would have been some thought to the future, to long-term responsibility to protect the party's reputation. Ultimately, the way to get more accountability and responsibility in political finance would seem to be through democratically-reformed, adequately-funded political parties, not by enhancing candidate independence.

Foreign experience with political subsidies is instructive. Subsidies in countries with parliamentary systems, with the exception of Canada, are made to political parties, not to candidates. In these countries, parties control the electoral campaigns and candidates mobilize only limited, if any, supplemental support. Open primaries in which party candidates can be challenged do not exist, and the parties choose the candidates without cost to the one seeking nomination.

In most of the nations with subsidies, governments fund the parties annually, not only at election time. This is supplemented by free broadcast time, again made to the parties and not to the candidates. Historically, at first, most of the subsidies were given in small amounts to supplement resources already available and later increased when the system adjusted to the infusion of new funds. Until passage of the 1974

amendments in the United States, no country providing subsidies imposed ceilings on private contributions with the exception of Puerto Rico which operates in a political setting similar to ours. In this country we sought to have both limits and subsidies, as well as the optional provision that a presidential candidate can refuse the public money; this latter could produce a general election campaign with one candidate totally financed by public funds, the other totally by private funds—an incongruous situation which could escalate accusations about the virtues of public or private funding into a major campaign issue. The public finance systems in other countries have been initiated by parties of both the right and the left, and they appear to have benefited both. In this country, public funding is still controversial, despite its sanction by the Supreme Court, but is gaining acceptance.

The public financing of campaigns is the ultimate tool in the election reformer's arsenal. To the extent that campaigns are funded with public monies, they seek to reduce the role of large contributors and special interests. Where there is less emphasis on private money, there is theoretically less chance for corruption or favoritism. Public financing of political campaigns was suggested in 1907 by President Theodore Roosevelt, but it took more than a half century for them to be enacted in presidential and some state elections. Although direct public financing continues to meet both political and fiscal obstacles, the federal government and 11 states provide some form of indirect public support; 11 states offer a tax deduction on state income tax for political donations similar to the federal one, and three a tax credit similar to the federal one.

CONCLUSION

The ruling of the Supreme Court equated campaign spending with free speech. The Court recognized that, to be effectively heard in a society of mass communication, speech needs to be amplified by means of purchased air time, space in the print media, or through other ways of formulating and disseminating it. If free speech in politics means the right to speak effectively, the decision further justifies the use of tax dollars for campaign purposes, enabling candidates and political parties to reach the electorate effectively. This strengthens the argument advanced by many students of campaign finance: that floors, not ceilings, be enacted. Floors mean the provision of government funds to ensure minimal access of the candidate to the electorate. Beyond that level, candidates can spend as much private money as they can raise.

Continuing commitment to some forms of private financing of politics seems likely. But the need to devise or better utilize effective solicitation and collection systems also is apparent. To do so, it is necessary to pay more attention to the mechanics of who asks for, how we ask for, and how we receive political money. Action to improve solicitation and collection systems is essential to make tax or matching incentives work. The political party, of course, is a possible collection agency, and that concept can go beyond merely funding party committees, but can enable parties to fund their candidates' campaigns as well. Other important collection systems occur through associational networks existing in membership groups, although some of these are now in disrepute. Labor unions, corporations, dairy cooperatives, trade associations, or professional groups

can solicit effectively because of two characteristics: they have large groups of like-minded persons and they have ready-made channels for communicating with their memberships. Whether in person, at meetings, through field men, or even by mail if combined with a newsletter or other communication, they have internal and, therefore, cheap means of asking for political money. This can be done on a nonpartisan basis, without coercion, if the national leadership properly addresses the problem. Collection systems with bipartisan potential exist at places of employment, and these can be extended to include large organizations, such as universities, as well as corporations and other businesses. With proper safeguards or utilizing a neutral trusteeship program, even government employees can be asked on a nonpartisan basis to contribute. Some of these sources of funds are controversial, and others are less so, but their potential is immense if properly tapped.

No solicitation and collection system—whether door-to-door, union or other membership organization, payroll withholding, or mass mail—will satisfy financial needs of all parties and candidates. Barring a system in which all money is contributed to and distributed by a party choosing all candidates, campaigners will continue to seek funds separately. But labor, trade association, and corporate bipartisan fundraising drives have special advantages: they cost the parties or candidates nothing and the costs to the sponsoring organizations are minimal.

If interpreted positively, the Supreme Court decision has the potential of revitalizing perceptions about both democracy and pluralism. It could lead to better understanding that floors, not ceilings, are essential; that not too much but possibly too little money is spent to achieve a competitive politics in this country; that no value is more important than citizen participation, including financial participation, in politics; and that citizen participation is often achieved most effectively through group activity—whether groups represent corporations, labor unions, trade or professional associations, or issues—that should be encouraged, not discouraged, in the politics of our democracy.

Carleton Sterling has criticized the reformer's ideal as seeking ". . . a direct dialogue between candidates and voters both free of outside influences."[21] Politics without the influence of interest groups is not realistic. Politics can be improved, but it cannot be sterilized and purified to a high degree. Politics is about people and groups of people, their ideas, interests, and aspirations. Since people seek political fulfillment partly through groups, a politics in which supportive groups are shut out or seriously impaired is difficult to envisage. Too many ideas and interests of value to society would get lost without the organized participation of groups in electoral politics. Some groups with few members participate mainly through their wealth. Since people and groups differ, conflict occurs, but in a political arena in which government sets the rules and the players are expected to play by them. The government, however, is also a player, and the only failsafe guarantee against its dominance lies in the ability of groups and interests in society to articulate their de-

21. Carleton W. Sterling, "Control of Campaign Spending: The Reformer's Paradox," *American Bar Association Journal* 59 (October 1973), p. 1153.

mands, to coalesce, and to oppose government with resources, including money resources, they command.

In a pluralistic, democratic society like that of the United States, it is natural that individuals and groups with abundant economic resources will try to use their wealth to influence the course of government. While money is a common denominator in shaping political power, other ingredients are vital as well: leadership, skill, information, public office, numbers of voters, public opinion.

The American system of government is rooted in the egalitarian assumption of "one man, one vote," but, like all democracies, it is confronted with an unequal distribution of economic resources. The attempt to reconcile the inequalities lies at the base of the problem of money in politics. Many political philosophers from Aristotle on have regarded property or economic power as the fundamental element in political power. In a sense, broadly-based political power, as effected through universal suffrage, was conceived and has been used to help equalize inequalities in economic resources. That promise is compromised if special interests get undue preferment from candidates and parties forced to depend on them because alternative sources of adequate funds are not available; that is why government funds are desirable alternative sources designed to avoid such undue preferment. But that promise also is compromised if special interests are unduly restricted in articulating their claims upon society; that is why limits and prohibitions, because of their inhibiting or chilling effects, are public policies requiring constant evaluation to be sure significant avenues of expression are not being shut off.

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Title: Can You Buy a Congressman?

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Abstract: Political action committees (PAC) grew out of post-Watergate restrictions on political money. PACs collect individuals' donations of up to $1,000 and contribute them to electoral campaigns. As business entered a field that was once dominated by trade unions, the number of PACs grew from 113 in 1972 to 4,268 in 1989. PACs seek influence after elections, and in close races, they often give to both candidates. The ceilings on contributions have become virtually meaningless since the $10,000 ceiling can be exceeded by using soft money, independent expenditures, bundling, and honoraria. Instead of reforming influence peddling, Congress has moved toward a reform in personal ethics in a bill that would grant members of Congress a pay raise in exchange for a ban on honoraria for speeches and the personal use of unspent campaign funds. In the case of Lincoln Savings and Loan, 5 US senators may have cost taxpayers nearly $2 billion by protecting a prominent campaign contributor. Graphs.

AMERICAN SURVEY

Can you buy a congressman?

WASHINGTON, DC

WHEN five American senators summoned the head of the Federal Home Loan Bank Board, Mr Edwin Gray, to a meeting in April 1987, he was impressed: senators are busy men. They wanted, he says, to stop him persecuting Lincoln Savings and Loan, whose owner, Mr Charles Keating, had indirectly given about $1.3m to their five campaigns. Normal constituent service, say the Keating five (Senators Alan Cranston, John McCain, Dennis DeConcini, Donald Riegle, John Glenn), as if any impoverished voter with a problem could get the same attention. The purchase of influence, say others.

Charges that Congress is corrupt are nothing new. A century ago, Mark Twain called it the only "distinctly American criminal class". After a year that has seen scandal

after scandal, from the downfall of Speaker Jim Wright to the savings and loan fiasco, more Americans than at any other time in the 1980s think that their lawmakers are in the pocket of special interests. Are they right?

Start with everybody's favourite villain: the political-action committees (PACs) that grew out of post-Watergate restrictions on political money. PACs collect individuals' donations of up to $1,000 each and contribute them to electoral campaigns (up to $10,000 for each candidate for a primary and a general election combined). As business rushed into a field which was once the preserve of trade unions, the number of PACs grew from 113 in 1972 to 4,268 in 1989 and their contributions to congressional candidates multiplied seventeen-fold to $151m in 1987-88.

The paraphernalia of modern elections (polls, consultants, mass mailings and, above all, television commercials) do not come cheap: $390,000 in 1988 for an average seat in the House of Representatives, $4m for a Senate seat. And the generation of (mostly Democratic) members that emerged in the mid-1970s was not only smart and media-conscious: it was independent. With the demise of party discipline, influence-seekers had to give not just to handfuls of chiefs but also to a lot of upstart Indians.

What PACs seek, unlike most individual donors, is influence after election day. They like sure-shots such as Mr Ronnie Flippo, an Alabama Democrat on the House Ways and Means Committee, who got $444,000 from PACs for his 1988 campaign. When the race is uncertain, they sometimes bet on both horses. If a candidate they had written off inexplicably wins, they are quick to adjust; early this year the realtors' (estate agents') PAC rushed to give $10,000 to Representative Greg Laughlin, a newly elected Democrat from Texas, after giving the maximum to his defeated Republican opponent during the campaign.

Politicians write the rules. In 1982, led by Mr Tony Coelho, the bold new head of the Democratic Congressional Campaign Committee, the Democratic party set its sights on business-PAC money, which had gone heavily to the Republicans in the 1980 landslide. Unsubtly, Mr Coelho made it clear that PACs which ignored Democrats would be frozen out by Democratic committee chairmen. It worked, leaving Mr Coelho's Republican counterpart spluttering that "the PACs are whores." Republicans are coming round to the view that PACs should be banned because they so strongly favour incumbents, who tend to be Democrats (the turnover of Britain's House of Lords, where death is the only form of defeat, is almost as high—5% a year versus 7%—as that of the House of Representatives).

Trading entrée for cash has become common. Both parties run clubs in which PACmen pay $5,000 or more to talk to the leaders. Individual members charge similar sums for private access, the most notorious example being Senator Lloyd Bentsen's short-lived breakfast club, where the cornflakes cost $10,000 a head. Senator Rudy Boschwitz developed a stamp system: an envelope with a green stamp on it is sure to land on his desk.

But does access mean success? At the slightest hint of a quid pro quo, a member will scream that he is not for sale. On the big issues, voters usually matter more than cam-

paign contributors. Few lawmakers give a thought to the views of their financial supporters on abortion, Israel, gun control or taxes. They worry about voters. On clean air, the financial clout of industry is being gradually overwhelmed by the electoral clout of greening voters. PACs sank millions in a vain attempt to block the 1986 tax reform, and no congressman received more than the House's chief blocker of loopholes, Representative Dan Rostenkowski.

Where access can buy results is at the margin, on low-profile issues where the beneficiaries are few and the costs are well spread. In 1985, the 20,000 dairy farmers, a tiny political force, used the financial clout of their efficient PAC to secure passage of a $2.7 billion price-support subsidy. Consumers suffered in ignorant silence.

Being creative

The ceilings on contributions have become increasingly meaningless. Here is how to spend more than $10,000 on the candidate of your choice.

- **Soft money.** Since contributions to state groups for "party-building activities" escape ceilings and disclosure requirements, you can safely write a $100,000 cheque to a local outfit pushing for a voter-registration drive that will help in the chosen candidate's district. Mr Alan Cranston got $850,000 from Mr Keating for similar projects.
- **Independent expenditures.** Launch a television or direct-mail campaign in his district singing his praises and rubbishing his opponent. Provided you do not co-ordinate with his people, the constitution protects your right to free speech. The National Rifle Association and the American Medical Association work this way.
- **Bundling.** Ask your colleagues to write cheques for $1,000 to his campaign fund, collect them and forward them in a bundle worth far more than your PAC's limit. In 1987-88, Senator Bill Bradley got 60 such $1,000 cheques from the executives (and their spouses) of just two Wall Street firms. (This method becomes illegal if pressure is exerted on an employee to contribute, or if he is repaid the money later.)
- **Honoraria.** The congressman can pick up $2,000 a time for giving speeches to your group. Over dinner beforehand, he is a captive audience.

All this goes on, but it is far-fetched to blame PACs alone for it. One congressman, with higher standards than some, claims—disputably—that it is easy to resist the entreaties of a hired gun from a PAC: if he tries to remind you how much the committee gave you, just tell him to get lost. But it is harder to say the same to an individual who gave $1,000 of his own money. A PAC-free congressman, often with a holier-than-thou attitude, relies more than his colleagues on individual rich oilmen or bond traders. Mr Keating's contributions, which helped delay the closing of his savings and loan institution for a year or more, were not made through PACs.

Instead of reforming the influence auction, Congress is taking another step towards the reform of personal ethics, in a bill that is about to be voted on. It grants congressmen the pay raise they want (but which their own high-mindedness denied them in February) in exchange for a ban on honoraria for speeches and an end to the habit of taking home the unspent money from campaign funds at career's end. It would also put into law many of the ethics rules that the two houses enforce on themselves anyway, such as a limit on outside income to 15% of salary and a $200 limit on gifts.

But such reform misses the point. Personal venality is not Congress's problem, except in isolated and quickly discovered instances. Its rules are far tougher than those that affect lawmakers in most countries. What needs to be addressed is the fact that the vast cost of television commercials makes congressmen susceptible to taking care of the whims of wealthy special interests on issues where public attention is not aroused. By helping to delay the closure of Lincoln Savings and Loan, five senators may have handed the public a bill for nearly $2 billion.

Trade unions

Health not wealth

WASHINGTON, DC

HOMAGE was paid this week to Lech Walesa and Solidarity. Mr Walesa met President Bush and addressed a joint session of Congress. He got a tumultuous reception from the AFL-CIO, the trade unions' umbrella organisation, which was holding its convention in Washington. Delegates were quick to draw parallels between Solidarity's struggle in Poland and their own fight for workers in America. It did not wash. American enthusiasm for unions in Eastern Europe is matched only by their low opinion of unions at home.

Many unionists blame this on Ronald Reagan. He was certainly no friend: his most notable intervention in a labour dispute was his 1981 decision to fire the striking air-traffic controllers. The 1980s have been bad for unions. So-called right-to-work laws and tough employers have made organisation hard. And employment in traditional union industries, such as steel and cars, has fallen.

But it is wrong to think that the Reagan years were a passing nightmare. Union

Americans prefer Polish Lech (left) to homegrown Lane

To Benefit the Challengers, Alter Public-Funding Goals

By HERBERT E. ALEXANDER

President Bush has made election reform proposals that would ban corporate, labor and trade association contributions through political action committees. At the same time, the President would reduce the limits for contributions from ideological or issue-related PACs.

The Bush proposals may have merit. But they are also incomplete.

The President followed the traditional approach of restriction and limitation without providing for alternative sources of funds. He wants political party committees to pick up some of the PAC slack, but he offered no incentives for raising more money through the parties—a greater problem for the Democrats than for Republicans.

Some reformers, mostly Democrats, advocate public funding—that is, the use of tax dollars for political campaigns. The logic is that public financing would serve as an acceptable alternative source of needed funds, weaning candidates from a reliance on PACs.

But in all proposals currently being offered, public funding is coupled with limitations on the amounts that candidates and their authorized campaign committees can spend. Spending limits are rightly unacceptable to Republicans, who believe that they will be relegated to permanent minority status in Congress unless able to spend freely in marginal districts and states, or where incumbent Democrats may be vulnerable. Republican determination to stop enactment of expenditure limits is certain, through Senate filibuster or presidential veto, but at least some Republicans are beginning to consider seriously the concept of public funding.

The political rationale for public funding and expenditure limits arises from parallel approaches to a related problem. Incumbents usually attract more money than challengers. The proposed remedy is to limit spending and to provide public funds—thus holding the advantaged down and helping the disadvantaged up. The result, presumably, is to make elections more competitive and also less expensive.

These policies, however, would have a different impact on incumbents and challengers. Because senators and representatives are generally better known, they need less campaign money than challengers. But they are able to raise more funds. The challengers, while they may need more money, have difficulty in getting it. But when they do, either through providing it to their own campaigns out of their own wealth, or by attracting it, they become better known and are more likely to win. Campaign money helps incumbents less per dollar spent than additional dollars spent by challengers.

In short, those votes that change as a result of increased campaign spending generally tend to benefit challengers. Since Republicans have more challengers, they would stand to benefit more than Democrats.

Public subsidies may increase spending for both incumbent and challenger, but work to the benefit of the latter. This would make elections more competitive. On the other hand, any policy that attempts to equalize the financial positions of candidates by limiting campaign spending benefits incumbents, thus lessening electoral competition.

The best solution is to advocate public-funding floors but without spending-limit ceilings. This concept is favored by many of the mature democracies in Western Europe, where government subsidies are given to political parties with no limits on receiving and spending private contributions. The idea is that partial public funding—a floor—would give candidates at least minimal access to the electorate and provide alternative funds so that candidates could reject undesirable private contributions.

Spending ceilings are illusory and, as evidenced by experience in the presidential financing system, are not effective. There is too much leakage based on constitutional rights (independent expenditures), congressional enactments (soft money) and other practices that have developed and found acceptance (bundling).

The "floors without ceilings" concept appears to favor challengers by providing them with money, allowing them minimal access to the electorate. Ensuring that all serious contenders have such access is more important than limiting how much candidates can spend.

Given the fiscal conservatism that characterizes the current political environment, as well as the large federal budget deficits, legislation providing for public funding of congressional campaigns seems self-serving. Many members of Congress are reluctant to vote an appropriation, fearing its unpopularity would be as great as that of members voting themselves a salary increase.

Despite such objections, public funding remains the approach of choice for those who believe that the current system of financing congressional campaigns with private contributions from individuals and groups causes problems that can only be remedied by use of public funds to pay for at least some portion of campaign costs.

In today's political environment, the notion of "floors without ceilings" merits serious consideration.

Herbert E. Alexander is director of the Citizens' Research Foundation and a professor of political science at USC.

Seeking

By MARK MATHAI

In recent weeks there speculation that Nelson leader of the African N will be freed in the f perhaps next year. One o diate political tasks upon be to forge black unit against apartheid.

Without coming toge apartheid factions—Ma Buthelezi's Inkatha mov the United Democratic F African Congress—whic resent the aspirations of t cannot begin to effectiv heid. Worse, persisten threatens South Africa' event of black majority ties between the sundry certain to precipitate similar to those now rava, the Sudan, Ethiopia and Z

One reason many whit is this likelihood of blac the last three years, in Natal, Buthelezi's 1-mill tha movement has bee bloody turf war against UDF, the country's la anti-apartheid group.

No doubt black disun result of the South Afric divide-and-rule tactics. ple of that has been numerous black leaders b throughout the tribal ho council systems. But the different apartheid grou other are also to blame. F in the ANC and in the int heid movement dislike B suspicious of his motives work for change from wit system, by going along self-serving concept of a his rejection of an arme means of ending apartheic tent opposition to econom divestment all have alie from black leaders like

A Nation

By CRAIG C. PARI

What former Secreta Walter J. Hickel once s able has now occurr

President to Unveil Election Reform Proposals, Seek Federal Pay Hike

By DAVID LAUTER, *Times Staff Writer*

WASHINGTON—Responding to rising public distress about ethics in government, President Bush plans to unveil a package of campaign reform proposals Thursday coupled with a new push for a federal pay raise, he said Tuesday.

In a press conference Tuesday morning, the President also offered his first comments on Washington's latest ethics investigation, the widening scandal over influence peddling at the Department of Housing and Urban Development during the Ronald Reagan Administration.

"We are going to do everything we can to clean up any cronyism or see that matters of that nature not recur," Bush said, but he refused to assign blame to former HUD Secretary Samuel R. Pierce Jr. or to close Bush associates who have been implicated in the affair, saying that he does not want to "jump at conclusions as to what guilt is and what it isn't."

Decided Against Legislation

In a wide-ranging discussion of domestic policy issues, the President also said that he has decided against any legislative move to restore affirmative action protections that were cut back by the Supreme Court in recent decisions.

"Legislation isn't necessary," Bush said, citing an analysis of the cases given to him by Atty. Gen. Dick Thornburgh. Although civil rights groups have attacked the court's decisions as major blows to affirmative action plans, Bush said that he views the court's actions as simply interpretations of "technical" provisions of the law.

Bush also reiterated his opposition to Democratic-backed child care legislation. But he stopped short of directly threatening to veto the Democratic plan, known as the Act for Better Child Care, which has passed the Senate and is likely to come up later this year in the House. Bush is backing a rival proposal that would provide tax credits to low-income families.

In discussing his campaign reform proposals, Bush said that he also plans to call for an increase in pay for judges and executive branch employees with specialized training, such as researchers at the National Institutes of Health, but not an increase for Congress, the subject of intense public opposition earlier this year.

"There will be some specific recommendations with amounts," on a pay raise, he said. The statement surprised top aides, who had expected Bush only to offer a general endorsement of a pay increase, rather than a specific plan. Bush repeatedly has said that he would like to see Congress pass a pay increase for judges and some executive branch officials and that while he favors some kind of an increase for Congress, he would prefer to see that politically difficult issue handled separately.

New Restrictions on PACs

On campaign reform, meanwhile, Bush's plan is expected to center around new restrictions on donations by political action committees. Under the plan, corporations and labor unions no longer would be allowed to use money from their general treasuries to pay the costs of running a PAC. All the costs of a PAC would have to be taken from members' contributions.

Under that plan, most corporate and union PACs would be likely to dissolve, while free-standing ideological PACs, which have no source of funds other than member contributions, would be likely to continue operating.

Because the vast bulk of PAC contributions go to incumbents, most of whom are Democrats, Democratic leaders were quick to say that Bush's plan is as much a political attack as an effort at reform. The plan is likely to include several other provisions aimed at key sources of Democratic money, including a proposal to require labor unions to disclose how much they spend on telephone banks and other get-out-the-vote efforts that generally benefit Democratic candidates. The disclosures could give GOP candidates ammunition to use against labor-backed Democrats.

"I would be outraged by a suggestion of that nature," Bush said with a broad smile when asked about partisan considerations in drafting his plan. Leading Republicans, however, conceded that partisan advantage had played a major role.

"This is an insider issue," said Sen. Mitch McConnell (R-Ky.), who has led GOP campaign reform efforts in the Senate. "Each side knows how the bread is buttered, and both would love to have the power to write the rules to get the other side. But we have the power to make sure they don't do it to us, and they have the power to make sure we don't do it to them."

But, McConnell said, while there are several issues on which Democrats and Republicans are irreconcilably opposed, there are several on which agreement is possible. Bush's proposal, he said, could be the opening step in an effort to reach such a compromise.

A senior aide to a key Senate Democrat made a similar point. White House involvement in campaign reform is "a positive sign" that should speed negotiations, he said. "At least the dialogue has been reopened."

The chief issue on which Bush and his GOP allies have vowed not to budge is a Democratic proposal to limit the cost of campaigns and have congressional races paid for out of tax funds, rather than by private contributions.

Incumbents Have Advantage

Democrats, and some outside groups, such as Common Cause, argue that public financing and spending limits are the only solution to the repeated congressional ethics scandals, most of which have their roots in the ever-present need to raise campaign funds. But Republicans argue that spending limits serve mostly to give incumbents an edge over challengers, something that would preserve the Democratic advantage in Congress.

Many Republicans also have an ideological aversion to the idea of using tax funds to pay for campaigns.

On the HUD scandal, Bush repeatedly deflected questions about who was to blame for the apparent mismanagement that allowed consultants with Republican political connections to win millions of dollars in federal contracts through programs designed to house low- and moderate-income Americans.

"You're always looking for winners and losers and I am not about to prejudge," he said at one point.

Several close Bush associates—including his campaign finance chairman, Frederick Bush, who is not related to the President, and campaign adviser Paul Manafort, who formerly was a business partner of Republican National Committee Chairman Lee Atwater—were among the consultants who profited from HUD contracts. But Bush said that he was unaware during his tenure as vice president that political influence was being used to obtain HUD contracts and he offered an oblique defense of former President Reagan as well.

'Tremendous Bureaucracy'

"Something might be happening in some department today that I know nothing about," he said. "We've got a tremendous bureaucracy that extends all around the world. And there might well be some corruption out there that's going on that I would be responsible for, but that I don't know about."

Bush said he would like to see higher standards apply now but that "I want to be sure that I don't jump at conclusions as to what guilt is and what it isn't, whether law was broken or were people just out there, you know, doing what was permitted."

Canadian Yachtsman Killed by Boat's Boom

From United Press International

NEW YORK—The chief of pediatrics at a Canadian hospital was struck and killed by the boom of his yacht during a sailboat race from Massachusetts to Bermuda, the Coast Guard reported Tuesday.

The dead yachtsman was identified as Dr. Donald E. Hill, 52, chief of pediatrics at the University of British Columbia in Vancouver.

tion. Pressed by Senator Domenici, a Republican from uranium-producing New Mexico, the Administration America's completion of an agreement that promises huge benefits to the nation at large.

NYT - 6/14/88 A26

California Says Yes to Campaign Reform

California voters, faced last week with the choice of supporting or rejecting public campaign financing, did both. That confusing outcome ought not to obscure a larger message from the returns, however: A majority is fed up with the corrupting influence of money on political campaigns.

Two initiatives on the primary ballot reflected voter outrage at the astounding $57.1 million — much of it from lobbyists — that California legislators spent in 1986 on just 100 campaigns.

Proposition 68 was an attempt to use California's ballot initiative process to impose reform that the legislature resists. The proposition calls for reasonable limits on campaign contributions, limits on campaign expenditures and creation of a system of public funding for legislative races. This measure passed by a margin of 53 percent to 47 percent.

But the opponents of reform sought to limit the damage with a drastically narrower measure, Proposition 73. It also calls for limits on contributions, but it contains no spending cap and specifically prohibits public funding of campaigns. Though thought to have little chance, 58 percent of the voters approved it.

Because it received more votes, this narrower bill prevails. The result is disappointing. Without public funding and limits on campaign spending, the lowered contribution limits alone aren't likely to reduce amounts raised or spent on campaigns. A similar limit on races for Congress hasn't reduced spending; it has merely forced candidates to increase the number of individual contributions.

Nevertheless, proponents of public funding can claim a remarkable victory. Proposition 68, backed by an alliance of business groups and citizen organizations like Common Cause, was vigorously opposed by Gov. George Deukmejian and top legislative leaders. It won a majority despite a last-minute barrage of deceptive negative advertising — paid for by the same special interests the proposal sought to control. Televison advertising in the last days of the campaign warned that Proposition 68 would underwrite the campaigns of Ku Klux Klan candidates and other extremists, an implausible possibility.

It's unlikely that the voters who supported Proposition 73 did so because they believed it wouldn't have much effect. In that sense, the California results are a reminder that legislative action is preferable to direct democracy when it comes to deciding the nuances of reform. Lawmakers across the nation ought to pay attention.

musical mission

boys and their families — needed a paid, part-time staff, at a cost of $30,000, to cope with problems

hearsal, spoke knowledgeably of the financial problems. "We need funds," chirped Bobby Heard, 11, a

Why? "To pay the pianists and to pay bills, like phone bills," Robert Bateau, 11, said.

years ago. "It's and watching T

NYT 7/17/85 p 1-27

Political Notes

Voters Say No to Public Campaign Financing

By FRANK LYNN

New York State voters favored political campaign "reform" but did not support a favorite proposal of Governor Cuomo, taxpayer financing of political campaigns, in a poll released last week by the State Commission on Government Integrity.

The poll of 800 voters, conducted for the commission by its pollster, Dresner, Sykes, Jordan & Townsend Inc., showed that New York voters are concerned about the high cost of campaigns and the influence of corporations, labor unions and political parties in state government. Those surveyed also "favor reform."

But only 15 percent favored public financing of campaigns with 62 percent supporting the present system of private contributions. By coupling the campaign finance issue with questions on campaign spending restrictions, the pollsters managed to get the public financing approval up to 39 percent — "still a defeat in any election," noted Charles Dumas, spokesman for the State Senate Republican majority.

The poll, which cost $27,500, was the latest in a series of papers released by the commission, created by Mr. Cuomo in the wake of the 1985 New York City scandals. With a staff of about 35 lawyers and investigators, the commission had been expected to uncover widespread corruption. There has been little of that. "They're pumping out paper to prove they exist," said Assemblyman Herman D. Farrell, who is also the Manhattan Democratic chairman.

The commission has already spent more than $5 million but will almost certainly go out of business when its latest $5 million appropriation expires next March 31. "We're holding our noses and tolerating them until they leave," said a State Senate Republican.

"We have been telling them that the people did not want public financing," Mr. Dumas said. "They should have listened to us and saved a lot of money."

The chairman of the commission, Dean John F. Feerick of Fordham Law School, said that the poll critics "missed what the people are saying, that they are at least concerned about campaign finances even if it is not focused." The poll cost? "A very small cost when you think of the importance of the subject of campaign finances," Mr. Feerick said.

As for corruption disclosures or the lack of them, he said that "there is a fundamental corruption in the system because of the influence of special interest money."

Scrutinizing Petitions

One of the unwritten laws of politics is that the major parties do not challenge each other's nominating petitions because of the potential embarrassment to each other of invalid petitions, and the work involved. The parties prefer to conserve their efforts for insurgents within their own ranks.

But, the unwritten law may be breached in Manhattan with Assemblyman Herman D. Farrell, the Manhattan Democratic leader, questioning the validity of all Manhattan Republian petitions filed last week including those for the only two Republican incumbents, Representative Bill Green and State Senator Roy M. Goodman, who is also the Manhattan Republican leader.

Mr. Farrell questioned whether the cover sheet of the Republican petitions conformed with the state election law. Peter Hein, the lawyer who supervised the filing of the petitions, defended them when he talked of "hyper-technical" objections that he said would "in all likelihood be totally unfounded."

Six years ago, Manhattan Republicans seized on a timing mistake in the filing for Democratic candidates for State Supreme Court to remove them from the ballot. "It took six years and we're finally getting even," said Mr. Farrell. If the Republican petitions are invalidated by the Board of Elections or the courts, the party would have to mount write-in campaigns for its prospective nominees and the Board of Elections would have to open every polling place for Republicans in the Sept. 15 primary.

Messinger's War Chest

City Councilwoman Ruth W. Messinger is often dismissed by her fellow politicians as a West Side ultra-liberal who would have difficulty getting elected anywhere else in the city.

But, the Councilwoman, who would like to run for some citywide office next year, has raised an impressive war chest of $276,594 as of last week — much of it at more than 100 house parties in all five boroughs. Ms. Messinger said that half the contributions were $25 or less, showing a broad base. That's the kind of money and support that gives a candidate credibility and a head start.

5/1/89 sec A9

THE WASHINGTON POST

John Breaux

The GOP Is Missing the Point on Campaign Reform

Last fall, Senate Minority Leader Bob Dole summoned a number of PAC representatives to a meeting in Washington. According to news accounts, Dole told the business PACs that Republican senators would have to reconsider their support for business issues if the PACs weren't more forthcoming for Republican candidates.

The chief sponsor of this year's Republican campaign finance bill, Sen. Mitch McConnell, was the PAC liaison for the National Republican Senatorial Committee during the 1988 election cycle. On Jan. 22, McConnell told The Post that he expected more cosponsors on his bill this year because "despite pressure from Dole and himself, business PACs in 1988 gave most of their money to Democratic incumbents."

I'm reminded of this upon reading Dole's column [op-ed, April 14] espousing the Republican "reform" legislation, because it is clear that when it comes to campaign finance law, the central question to the Republican Party is, to put it bluntly: Whose ox is being gored? The Republicans, after years of promoting and protecting the PAC system, have now decided to declare war on PACs for having the audacity to support Democrats. Let's not mistake sour grapes for the heady wine of reform.

The Dole-McConnell proposal seeks to replace one group of donors—political action committees—with another group of donors—individuals who can give $2,000 at a time to political candidates or up to $20,000 to party committees. Dole describes this as "grass-roots" money, confirming to this Democratic senator that the grass is indeed greener on the Republican side of the aisle.

However, Dole, McConnell and others miss the central point of what the Democratic proposals are designed for. S.137, the Democratic proposal for campaign finance reform, has a simple goal: to replace the endless chase for campaign dollars with campaigns that bring the voters back into the process by removing the appearance that it is possible to purchase access and influence with lawmakers with contributions to their campaigns.

As a Democrat, I believe the present system needs to be changed. As chairman of the Democratic Senatorial Campaign Committee, I know from personal experience that the endless pursuit of dollars has an adverse effect on campaigns—and candidates. But the problem is not that politicians must raise money for elections, and the answer is not to substitute one group of contributors for another. The real flaw in the current system is the amount of money spent on campaigns, which the Dole-McConnell bill doesn't address.

Taking Exception

If the current incumbent advantage were as prohibitive as Dole argues, Dole would still be the majority leader, because the Republicans would not have lost the Senate in 1986. That year, seven Republican incumbents were defeated—and every one of them outspent his Democratic challenger. We saw a similar result in 1988, when three Republican incumbents lost, again outspending their opponents. I've seldom heard of a Republican who lost a race because money couldn't be raised—but they lost anyway.

This illustrates the fundamental difference between the Republican and Democratic positions on campaign finance reform. The Republican premise is they must spend more money than Democrats to win elections, so they want to change the rules to exploit Republican fund-raising strengths. Democrats are not afraid to compete against Republican candidates with equal resources—incumbent or challenger—because we believe the values and beliefs on which our candidacies are based will continue to be supported by a majority of Americans.

Dole totally ignores two current campaign finance abuses that the Democratic bill seeks to correct—the exponential growth of "independent expenditures" and the bundling of supposely individual contributions. In 1988, one PAC alone spent more than $1.2 million in so-called independent expenditures on behalf of Republican senatorial candidates, effectively ignoring current contribution limits. In 1986, the National Republican Senatorial Committee bypassed party spending limits and "bundled" hundreds of thousands of dollars into close Senate races, a practice that resulted in fines being levied by the Federal Election Commission. Both practices would be curtailed in the Democratic proposal.

It is difficult to see how the Democratic proposal can be labeled an "incumbent protection plan" when the bottom line of the bill would take away the single greatest advantage of incumbency—the ability to raise and spend more money than most challengers. The Mitchell-Byrd-Boren bill, with a combination of voluntary spending limits and partial public financing, creates an even financial playing field—hardly an advantage to the Senate majority.

The Republicans also claim a philosophical opposition to public financing of congressional races. However, this opposition appears to stop at the Senate's edge. Former president Reagan and President Bush accepted federal funding for their presidential campaigns. While Dole has voted "no" to letting taxpayers partially fund Senate campaigns, it should be noted that twice he let taxpayers fund his presidential campaigns—in 1980 and 1988, to the tune of more than $8 million.

The Republican argument boils down to this: we're losing under the present system, so we want to change the rules to our benefit. That is a fair political argument, but let's not mistake it for responsible policy. For responsible policy, we must look to S.137, the Mitchell-Byrd-Boren bill—and I stand ready to welcome my Republican colleague as a cosponsor to that legislation when he is ready for true reform.

The writer, a Democratic senator from Louisiana, is chairman of the Democratic Senatorial Campaign Committee.

Juan Williams

ing in Costa Rica last week. He could have tried to ishes his people.

Lesson of the Senate Five

What will it take to change the odious way Congressional campaigns are financed? The answer could be $1.3 billion. That's one estimate of what the Government's delay in taking over the Lincoln Savings & Loan Association has cost taxpayers — a delay that followed campaign contributions from the chairman of the mismanaged California thrift, Charles Keating.

Five Senators helped keep bank regulators at bay: Alan Cranston of California, Dennis DeConcini and John McCain of Arizona, John Glenn of Ohio, and Donald Riegle of Michigan. They personally intervened after accepting a total of more than $600,000 in political gifts from Mr. Keating, who now faces civil fraud and racketeering charges.

These suspicious circumstances create urgent business for the Senate Ethics Committee, which needs to retain outside counsel for an independent probe. They also challenge Congressional leaders to reform the entire system of campaign financing.

The Lincoln Savings mess shows how special-interest campaign money taints Congressional decision-making. The Senators' motives may have been pure, as all five insist. Mr. Glenn, for example, says he met with regulators simply to ask why the audit of Lincoln was dragging on beyond the normal 60 to 90 days, not to apply pressure. But Mr. Keating plainly knew what he wanted. He openly admits that his largesse was intended to buy protection from banking officials who were questioning the riskiness of Lincoln's investments.

The new House Speaker, Thomas Foley, pledged months ago to make reform a top priority. But a bipartisan task force has produced little movement. Democrats, for example, favor overall campaign spending limits, a proposal well-funded Republicans resist. But they balk at restricting political action committees, which, uncoincidentally, now support mostly Democratic incumbents.

Real progress requires both: braking out-of-control campaign spending and the special-interest PAC's that fuel it. It also requires alternative funding to give challengers a fair shot. And it means shutting the open sewer through which both parties channeled tens of millions of private dollars to last year's publicly financed Presidential campaigns.

With little time left before adjournment, Mr. Foley needs to sit down with the Republican minority leader, Robert Michel, and reach consensus on a cleaner financing system. Even if those talks fail, the Speaker still has a duty to insure that a fair and encompassing reform package is presented to his chamber for a vote this session — or, at the latest, as the first order of business in January.

NYT 11/3/89 p.A34

Japan Buys the Center of New York

Japan's Sony Corporation bought Columbia Pictures last month. Now Mitsubishi is paying $846 million for 51 percent of the Rockefeller Group, owner of Rockefeller Center, the vibrant Art Deco terpiece of America's most renowned metropolis is about to pass into foreign ownership. The leading American corporations that have offices in Rockefeller Center — NBC, Time Warner and Morgan

New York, James Hickey of Washington, D.C., d Szoka of Detroit. (Story in Part II, Page 1)

)ing Delay

's 84 Million California's

Writers

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o Cancel rogram Abuse

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)N—Housing and)ment Secretary a Thursday an- ention to cancel a program whose one-in-substantial nts of politically consultants. nsultants listed by mer high-ranking epartment and the r staff member of White House. designed to insure btained by small

Bush Campaign Reforms Seek Curbs on PACs

By JAMES GERSTENZANG,
Times Staff Writer

WASHINGTON—President Bush, unveiling a campaign finance program intended to "free our electoral system from the grip of special interests," called Thursday for the elimination of corporate and union committees that pump millions of dollars into congressional election campaigns.

Bush also proposed measures intended to reduce the advantages of congressional incumbency, to boost the role of political parties by increasing the amounts that they can spend on congressional races and to limit free congressional mailings. And, raising what has proved to be a particularly thorny issue, the President said that he would work with Congress on developing a plan to raise House and Senate salaries.

Accent on Individual

"We need reforms that curtail the role of special interests, enhance the role of the individual and strengthen the parties," Bush said.

His plan was criticized by Democrats as one that would favor Republicans, who are in a minority in the House and Senate, by trimming the campaign advantages of incumbents. In the 1980s, 97.7% of House incumbents seeking reelection have been successful, according to the White House.

Bush acknowledged such a likely result, saying in an interview Wednesday with The Times as he

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amendments can bring change."

Harsh Words for Beijing

In their vote, House members endorsed the economic sanctions that Bush already has proposed. But they also called for tougher penalties and couched their criticism of Chinese leaders in unusually harsh language. The bill, for example, said that China's leaders "ordered an unprovoked, brutal and indiscriminate assault on thousands of peaceful and unarmed demonstrators and onlookers in Tian An Men Square."

The House amendment would suspend programs that guarantee private investment and encourage new trade activity with China. It also would halt peaceful nuclear cooperation as well as the export of police equipment, new arms export licenses and U.S. space satellites to China.

The Administration previously had suspended military exchanges and high-level diplomatic contacts with the Chinese, halted arms sales to China and said it would work to block new loans to China by international lending bodies such as the World Bank.

Bush Could Lift Curbs

If the new sanctions become law, Bush could lift any of them by asserting that such action is required in the "national interest." He also could suspend them by finding that China had taken significant steps to correct human rights abuses.

The House bill also voiced harsh criticism of Chinese officials for executing protesters and demanded that China improve its respect for human rights in Tibet, where it has imposed martial law.

The 418-0 vote came as the House completed action on a two-year, $23-billion foreign aid bill, which must be approved by the Senate and signed by Bush before it becomes law.

Among amendments in the bill that affect U.S. foreign policy, the House endorsed a bipartisan measure barring the U.S. government

Please see CHINA, Page 12

CAMPAIGNS: Bush Proposes Reforms

Continued from Page 1

looked ahead to the proposal: "Well, I have a good reason to want to lock out the status quo in terms of control of the House or control of the Senate."

The trouble the proposals, if enacted, might cause for incumbents led to predictions that they never would make it through Congress without major change or—as a senior White House official acknowledged—without a major public effort by the President to put pressure on the House and Senate.

And Michael Berman, a Democratic Party expert on campaign finance, pointed out that the proposals would not prohibit individuals from creating political action committees and using their own contributions to pay for the committees' overhead. He argued that the proposals favor candidates supported by wealthy business leaders who could more easily create such groups to circumvent a ban on corporate committees, than could union groups that also would be banned.

House Speaker Thomas S. Foley (D-Wash.) said: "While I welcome the President's willingness to join our ongoing reform efforts, I regret that he has chosen to submit proposals that blatantly favor the Republican Party and jeopardize bipartisan efforts already under way.

Cites Soaring Costs

"I also regret that the President failed to address the overriding issue in campaign reform, namely, the skyrocketing cost of campaigns. Any real reform package must include some proposal to bring this runaway spending under control."

In addition to eliminating the political action committees run by unions, corporations and trade associations, which the White House said accounted for nearly 90% of the approximately $160 million spent by political action groups before the 1988 election, the President's program would:

—Reduce from $5,000 to $2,500 the limits on contributions by independent political action committees.

—Prohibit all organizations except political party committees from soliciting contributions from employees or members and then sending them as one contribution to a candidate, without the amount counting toward overall contribution limits.

—Increase, from approximately $46,000 to $115,000, the amount that the individual political parties can spend on House races. The sizable increase in this ceiling would be likely to favor the Republicans, who have had better luck raising funds than the Democrats.

—Prohibit the forwarding of a congressional or presidential candidate's leftover campaign funds to the next election campaign. Such funds have helped incumbents build long-running war chests. Under the proposal, the money could be handed over to the political parties, to the U.S. Treasury or returned to contributors.

Curb on Free Mailings

—Limit the use of the "franking" privilege by members of Congress so that huge quantities of newsletters and other brochures that can boost their campaigns could no longer be mailed without the cost of postage.

—Require greater public disclosure of campaign funding, in particular the contributions by individuals to "get out the vote" efforts. In the 1988 campaign, the lack of limits on such contributions allowed individuals to give thousands of dollars—in some cases $100,000—to party efforts that were devoted to individual candidates, despite a $5,000 limit on an individual's contribution to any one candidate.

In addition, the proposal called for drawing up borders of congressional districts along community boundaries, to eliminate "gerrymandering" of districts that critics say can give advantages to one party or another by creating congressional districts that encompass specific groups of voters.

Bush avoided tying his proposals to other ethics issues, including honorariums given to members of Congress and the related question of congressional salaries. But he said that he would, within a few days, propose a ban on honorariums and recommend a 25% pay increase for judges and an increase for certain professionals in the government, such as surgeons and scientists, to make government service more attractive.

In recent years, as their influence has grown, the political action committees have attracted increasing criticism. They represent an opportunity for individuals or groups with common policy goals to gather large sums and funnel them to candidates—presumably with the goal of influencing their votes on legislation, if their campaigns succeed.

"Today, special interest political action committees and their $160-million war chest overshadow the great parties of Thomas Jefferson and Abraham Lincoln," Bush said in a speech to congressional and Administration interns at the Library of Congress. "And, as the strength of our parties erodes, so does the strength of our political system.

"By necessity, members of Congress engage in time-consuming and often degrading appeals for money outside the party structure," he said.

ging business.

slick and several other discharges believed to have come from the Valdez.

satisfying itself that the Valdez was "very clean" before leaving Alas-

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7/14/89 I, 3, 4

Assembly Ethics Panel Balks at Making FPPC a Legislative Watchdog

By RICHARD C. PADDOCK,
Times Staff Writer

SACRAMENTO—The Assembly Select Committee on Ethics, contending that legislators should police themselves, rejected a proposal Thursday to give an outside enforcement agency—the Fair Political Practices Commission—the power to watch over lawmakers' conduct.

Attempting to piece together a code of ethics for the Legislature, the panel agreed to restrict the size of honorariums and gifts legislators may receive but stopped short of imposing a ban on such outside payments. Ultimately, the panel agreed that honorariums should be banned if legislators receive a corresponding salary increase.

The decisions came during the third in a series of unusual public meetings in which the panel is drafting new rules designed to clean up the tarnished image of the Legislature.

In recent months, Assemblyman John R. Lewis (R-Orange) has been indicted on a charge of forgery and Sen. Joseph B. Montoya (D-Whittier) has been indicted on charges of extorting payment of honorariums in exchange for action on specific bills.

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Governor Gets Helmet Bill; Veto Probable

By DANIEL WEINTRAUB,
Times Staff Writer

SACRAMENTO—The Assembly, with no debate and not a Hells Angels member in sight, on Thursday passed and sent to the governor a bill to require all motorcycle riders to wear safety helmets.

The bill is nearly identical to one vetoed a year ago by Gov. George Deukmejian, and the governor indicated earlier this week that he will probably reject this measure as well.

That expectation likely accounted for the quiet swiftness with which the Assembly acted Thursday on an issue that in past years has generated long, acrimonious debates and prompted scores of motorcycle club members to en-

Please see CYCLE, Page 28

State Senate Jumps on

ETHICS: FPPC Legislative Watchdog Role Rejected

Continued from Page 3

"What we're all about here is trying to improve the image of this body [the Assembly]," said Assemblyman Robert C. Frazee (R-Carlsbad), who sits on the newly created Ethics Committee.

Nevertheless, several members of the committee expressed the view that problems of conflict of interest and payment of honorariums are not as serious as some outsiders have suggested.

"There really isn't that big a problem with conflict of interest," said Assemblyman William H. Lancaster (R-Covina), a member of the panel and chairman of the virtually dormant Joint Legislative Ethics Committee.

And Assemblyman John Vasconcellos (D-Santa Clara) argued that the ethical problems posed by the receipt of speaking fees from groups with an interest in legislation "pales" when compared to the much larger amounts of campaign donations doled out each year by the same interests.

One of the key issues facing the committee Thursday was whether to bring in the Fair Political Practices Commission to enforce conflict-of-interest laws in the Legislature.

Because of a loophole in the Political Reform Act of 1974, legislators are exempt from outside enforcement of laws prohibiting them from voting on matters in which they have a financial interest. By contrast, local elected officials throughout the state are subject to scrutiny and potential fines by the Fair Political Practices Commission.

Although the Legislature has its own joint ethics committee with the power to look into conflict-of-interest allegations, it has shown an extreme reluctance to investigate members of the Legislature. Under Lancaster's chairmanship, the committee has met only twice since 1985 and has not initiated any investigations.

Freshman Assemblyman Ted Lempert (D-San Mateo), who ran on a platform of ethics reform, urged his colleagues on the panel to bring in the political watchdog commission to take action against any legislator who has a conflict of interest.

"If we are going to be serious about reform in this area, we should put the Legislature in line with other elected officials and have FPPC enforcement," he said. "If we're going to leave conflict of interest to the in-house ethics committee, then we're not really changing anything."

But by a vote of 7 to 1, Lempert's proposal was rejected. Instead the committee decided to broaden the jurisdiction of the Joint Legislative Ethics Committee so that it could become more aggressive in policing members.

Vasconcellos and other members of the panel argued that the Legislature should not give an outside agency the authority to investigate its members.

"I'm not about to do that to myself or anybody else," Vasconcellos said. "I think we can police ourselves adequately."

In dealing with the issue of outside income, the panel voted to place an annual limit of $1,000 on all honorariums and gifts to a legislator from a single source. Honorariums could not total more than one-third of a legislator's salary, which is now $40,816.

In addition, honorariums would be paid only for substantive appearances, not simply for meeting with an interest group. Legislators who receive an honorarium would have to report their scheduled appearance at least a week in advance and afterward provide the newly constituted ethics committee with a transcript or tape recording of their speech.

In the long run, the panel agreed it would favor an outright ban on honorariums and a limit on earned outside income equal to one-third of a legislator's salary. However, the committee agreed that such restrictions would have to be linked with a constitutional amendment creating an independent panel that would have the authority to substantially increase legislators' salaries.

INS: State Official Tops Candidate List for Western District Post

Continued from Page 3

he has not yet been formally nominated.

Runkel declined further comment, but other ranking officials within the Justice Department, which oversees the INS, said Davidian in recent days has leapfrogged over a Republican Latino from

during a time that conservatives and growers complained that the quasi-judicial, five-member panel was too sympathetic to complaints filed by the United Farm Workers of America.

Complete Turnaround

Since that time, farm labor ad

Davidian, who has worked in the campaigns for Deukmejian, former President Ronald Reagan and other Republicans.

Davidian said his lack of first-hand experience in immigration policy should not be considered a handicap.

"The criticism of me [when he

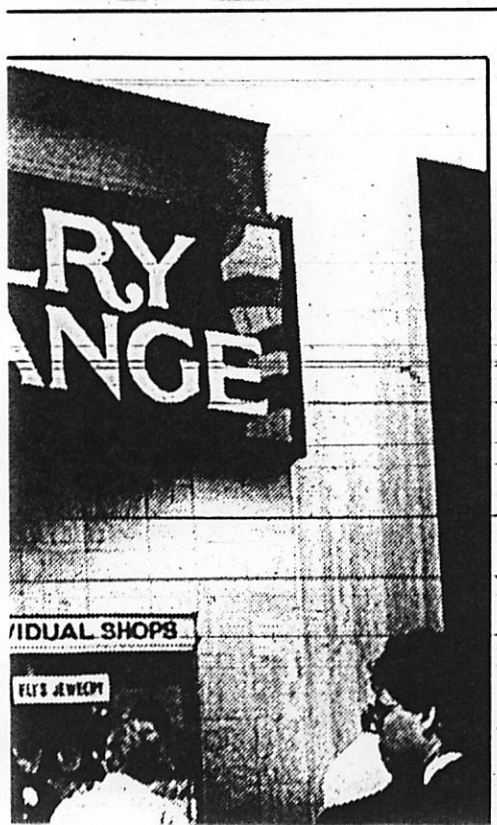
was better suited for the post.

"I think Davidian would be a serious mistake," said attorney Peter Schey of the National Center for Immigrant Rights Inc. in Los Angeles. "It would give us several more years of INS leadership by persons or a person unfamiliar with immigration laws and policies."

Associated Press

G. Hill, legislative budget analyst

ding limit will 'hamper the state's provide the services needed to fornia's economy running / and economically.'



FPPC Joins Lawmaker in Urging 8-Bill Ethics Package

By LEO C. WOLINSKY, *Times Staff Writer*

SACRAMENTO—The state's often criticized political watchdog agency, the Fair Political Practices Commission, joined forces Wednesday with a crusading freshman legislator to propose a comprehensive package of ethics legislation.

The eight-bill ethics package, the most sweeping to be introduced in the aftermath of the FBI's investigation of Capitol corruption, would, among other things, ban the pervasive practice of legislators accepting expensive gifts and honorariums from special interests.

FPPC Chairman John Larson told reporters that he believes the Legislature is finally "in the position to act" on political reform. He contended that lawmakers are not inherently unethical but are bedeviled by a system in which there is "a lot of temptation" to do wrong.

"It's hard for people to turn down things that are offered," Larson said.

Financial Disclosure

In addition to banning gifts and speech-making fees, the FPPC-backed bills would beef up financial disclosure requirements and lock the political "revolving door" that allows legislators and Administration officials to move between government and lobbying jobs. Top Administration officials and legislators could not lobby the Legislature for one year after leaving their offices.

The legislation also would close a loophole in the Political Reform Act of 1974 that prevents prosecution of elected state officeholders involved in conflicts of interest.

Two other bills included in the package but not yet endorsed by the FPPC would ban fund raising in non-election years and prohibit members of the State Board of Equalization from voting on tax cases involving campaign contributors.

Much of the FPPC's legislative agenda is being carried by Democratic Assemblyman Ted Lempert, 27, of San Mateo, who won his seat last November by running against the Sacramento "system"—even as his campaign was being partly underwritten by

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wreaked havoc on government finances 1982.

During a Capitol press conference, Hill repeated past warnings that the state would need an addi-

jian's proposed budget moves, saying the governor and his advisers balanced the budget by making decisions that ultimately could prove costly to the state.

a Deukmejian Administration proposal to save $163.5 million in budget-year retirement costs by making a trade-off that will eventually commit the state to an

ETHICS: Bill Package

Continued from Page 3

Assembly Democrats.

The fact that Larson and the FPPC would leave the fate of its ethics package to a first-term lawmaker with little clout underscores the difficulties faced by political reformers in the Capitol and the sensitive nature of the ethics debate itself.

Assembly Democratic leaders, particularly Speaker Willie Brown, want to give Lempert, who was the first Democrat in this century to be elected from his largely Republican district south of San Francisco, a chance to make good on his campaign promises to help reform the political process.

But the leadership has given Lempert no assurances that any of his bills will pass. Moreover, Brown and other legislative leaders from both parties have taken liberal advantage of large speaking fees, free trips and gifts that would be banned by the legislative package.

According to FPPC figures, the 120 members of the Legislature received nearly $3.2 million worth of gifts and honorariums in a three-year period ending in 1977. Speaker Brown alone collected more than $161,000 in gifts and speaking fees during 1987, including expense-paid trips to Austria, Great Britain, Ireland and Japan.

"I've let [the leadership] know what my proposals are but they haven't given me a firm commitment one way or the other," Lempert sheepishly told reporters. "There has been a lot of talk, a lot of people saying this is the time to get something through. Hopefully we will be able to surprise some people."

The FPPC's decision to adopt a high profile on the ethics issue follows a period in which it increasingly has been accused of dealing timidly with legislators. It also represents somewhat of a turnaround for Larson, who took office in 1986 convinced that the watchdog commission should spend more time educating politicians and less time investigating their activities.

On Wednesday, Larson said he thinks the system has gotten out of control. "Most people who make $50,000 or $60,000 a year don't expect others to give them $1,000 gifts or $1,000 speaking fees," he told reporters. "It appears to the public that [special interests] are getting something for their money."

A number of lawmakers have introduced their own ethics bills in hopes of softening the perception of wrongdoing triggered by the FBI's raid last August on the Capitol offices of four legislators and two aides.

None of these bills will be set for a vote until the Assembly's Committee on Ethics makes its own recommendations.

EDUCATION: New Instruct

Continued from Page 3

Service, which administers the SAT test, found U.S. 13-year-olds trailing well behind their counterparts in South Korea, Ireland, England, Canada and Spain.

The 200-page AAAS report on science offers a new blueprint of what the scientifically literate person needs to know. It concludes schools should teach less science and math—not more—but teach it better.

"You have to know something is wrong when teaching something as exciting as science can result in most of us disliking it," said Rutherford, director of the project.

In biology, for example, Rutherford noted that "they are teaching literally thousands of words; the classifications of everything . . . the parts of a bee, the parts of animals and the parts of microscopes. That's because these are easy to test for. But it isn't necessary.

"We need to get down to some solid ideas that hang together."

Rather than dwelling on rote learning of biological classification lists, the report says more time must be devoted to understanding concepts such as the interdependence of living things, the flow of matter and energy, how heredity works and what cells do.

"You don't need to know all the parts of the cell," said state Supt. of Public Instruction Bill Honig, who has been assisting AAAS and using its work to rewrite California's science curriculum. "We need to know how evolution works."

The project, which is being funded by the Carnegie Corp., the National Science Foundation and others, now moves to a four-year phase of developing an entire new science and math curriculum.

California will be at the forefront of that effort, with the state Department of Education helping to underwrite related curriculum development projects in the San Diego and San Francisco school districts. At the same time, the state is expected to incorporate much of what the AAAS has recommended as it rewrites its science teaching guidelines, standardized testing on science and guidelines for textbooks that will be used in the 1990s.

"It's science for the many," Honig said. "What we've been doing is concentrating on the few who are going ahead with scientific careers. . . . Look at science textbooks. Now they look like encyclopedia reference books."

Other findings and recommendations of this first phase of the AAAS' Project 2061—which draws its name from the year Halley's

Endowment for the Arts. (Page I.)

general.

"It's an incredible problem and this is the first time I've seen it really being addressed. I think it permeates the nursing home industry," said Patricia

reviews from organized medicine, nursing home associations, public advocates and state regulators involved in the nursing home scene.

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The State

Drunk Driver Gets 30 Years

A drunk driver was sentenced to 30 years to life in prison for killing three members of a Susanville family on California 395 in December, 1987. Gary LaBranch, 27, of Rescue, in El Dorado County, had four previous drunk driving convictions when his pickup truck plowed into oncoming traffic near Susanville, killing Raymond Ellena; his wife, Darlene, and his mother-in-law, Clara Clark. Investigators said LaBranch's blood-alcohol level was 0.23%, more than twice the legal limit. LaBranch was tried in Butte County Superior Court, where the proceeding was transferred because of heavy publicity in Lassen County. Judge Roger Gilbert sentenced him to 15 years to life for two of three second-degree murder convictions, to run consecutively. A sentence of 15 years to life on a third count is to be served concurrently.

The Federal Aviation Administration has launched an investigation into why two jetliners were on a collision course over Orange County after one of the planes was diverted from John Wayne Airport because of the electrical failure of a runway light. The aircraft came within 1½ miles of each other at about 9,000 feet over Westminster, an American Airlines pilot told his supervisors. FAA officials said that air traffic controllers at the Los Angeles Terminal Radar Facility warned the pilot of a British Airways 747 to take evasive action to avoid the American Airlines BAe-146 after the two aircraft closed within the 3-mile separation required under FAA flight rules. The incident occurred shortly after 7 p.m. Monday about 20 minutes after a power line short-circuited the runway lights at John Wayne Airport and closed the facility for about four hours. Neither pilot filed a report about the incident.

A moderate earthquake, described as "one solid jolt," rattled the Chino Hills but caused no damage. The earthquake struck at 5:51 a.m. and measured magnitude 3.2, said Robert Finn, spokesman for the Caltech Seismology Lab in Pasadena. Preliminary calculations placed the quake's epicenter 3 miles west-southwest of Chino, in an area of the Chino Hills about 30 miles east of downtown Los Angeles. The earthquake was felt in Los Angeles and San Bernardino counties. Worried residents of Chino, Pomona and the unincorporated areas of Chino Hills and Diamond Bar reported feeling the temblor.

The Duquette Pavilion of St. Francis was badly damaged in a five-alarm fire that burned out of control for more than two hours, San Francisco fire officials said. The art collection suffered extensive damage in the blaze, said Fire Chief Fred Postel. The adjacent old Peoples Temple, operated during the 70s by the Rev. Jim Jones, suffered extensive water damage but was not burned in the blaze. Postel said the roof of the pavilion, owned by San Francisco artist Tony Duquette, collapsed about 20 minutes after the department received the first reports of the fire. That nearly assured the destruction of its extensive collection of

Prop. 73 Held Inadequate in Curbing Gifts to Campaigns

By JERRY GILLAM,
Times Staff Writer

SACRAMENTO—Limits on campaign contributions imposed by the voter-approved Proposition 73 "are riddled with loopholes through which special interests should be able to pour as much money as ever," a California Common Cause spokesman charged Thursday.

Walter Zelman, executive director of the public-interest lobbying group, made the allegation after releasing a report showing that legislative candidates spent $61.6 million last year—an 8% increase over the $56.9 million spent during the 1986 election cycle.

"Our conclusion is the state sorely needs a limit on campaign spending," Zelman said, adding it was "unfortunate" that Proposition 73 received more votes at the polls than Proposition 68, an initiative that sought to impose an expenditure ceiling.

Way to Bypass Ban

Despite a Proposition 73 prohibition on the transfer of funds by legislative leaders to their colleagues, Zelman said, "The leadership will have ways of getting around that."

Assembly Speaker Willie Brown (D-San Francisco) and Senate President Pro Tem David A. Roberti (D-Los Angeles) have successfully used transfers—giving large amounts from their own campaign war chests—to help legislators who support them get re-elected.

The Legislature's top leaders could get around the ban on transfers by simply telling contributors to give contributions directly to favored candidates, Zelman said.

"The Speaker, the president pro tem, and Republican leaders will be making a lot more telephone calls to a lot more [special] interest groups," Zelman said, "saying, 'These are the candidates that really need your help.' . . ."

Another problem with Proposition 73, according to Zelman, is that it allows a "virtually limitless capacity for organizations to form endless numbers of political action committees." The initiative allows broad-based political action committees to contribute up to $5,000 per candidate.

A third problem, he said, is that contribution limits apply to each fiscal year (July 1-June 30) rather than each election. That, Zelman said, "encourages every incumbent to go to every potential contributor every year . . . and we think this is going to cause an explosion in off-year fund-raising."

Zelman added he expects legislative spending to increase again in 1990, despite the fund-raising limits contained in Proposition 73.

"My own guess is," he told a

Please see LIMITS, Page 24

Cointa Mendoza, Tivurcio Cabrerra live in a hut near Stanford University

Stanford Stand-Off

University-Owned Property Is Site of Far

By MARK A. STEIN, *Times Staff Writer*

STANFORD—In an unlikely setting for a farm labor dispute, Stanford University faces a deadline today over whether it will support unionization of 57 farmhands living and working in substandard conditions on university-owned property next to the sprawling campus.

The deadline was set Wednesday morning by the university's own on-campus union, United Stanford Workers. The union has given Stanford officials until noon to decide if it will accept the union as the official representative of the farm workers.

USW, which is affiliated with the normally urban Service Employees International Union, organized the farm workers and wants to represent them in salary and working-condition talks with the university and Stanley Webb, the grower whose family has leased the bucolic farmland northwest of the school since 1922.

Stanford lawyer Michael Vartain said Thursday that it is

"highly unlikely"
by the deadline.
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Associated Press

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LIMITS: Loopholes Riddle Prop. 73, Common Cause Says

Continued from Page 3

Capitol press conference, "that [the fund-raising limits contained in Proposition 73] will do virtually nothing to reduce campaign spending."

Proposition 73 limits contributions by individuals and businesses to $1,000 each fiscal year, political action committees with two or more members to $2,500, and broad-based political action committees that have been in existence for more than six months and have 100 or more members to $5,000.

Speaker Brown, Roberti and several labor unions filed a lawsuit with the state Supreme Court earlier this week, charging that Proposition 73 violates the First Amendment of the Constitution.

The petitioners asked the high court to accept the case and invalidate the initiative as quickly as possible. because conflicting lower court decisions have restricted their ability to make future campaign fund-raising plans.

Zelman said there will be more pressure to raise money in "the magic year" of 1990 because the 1991 Legislature will have the task of redrawing Assembly and Senate district lines based on the federal decennial census.

The way that these lines are drawn can perpetuate the legislative political party in power for the next decade until the next census.

"The members will be looking at absolute desperation time in terms of raising money for the 1990 elections," Zelman said. "That's the year in which they feel more than any other year that they must win."

-DEATH NOTICES/FUNERAL ANNOUNCEMENTS-

ACHOR, Mildred T. passed away on February 14, 1989. Widow of Leonard B. Achor; mother of Robert T. Achor; step-mother of Dr. Leonard B. Achor and Robert Fulton Achor.

Burial in Port Jefferson, Ohio.

AMID—HOZOUR, Hameed passed away on February 14, 1989; late of Menlo Park, CA; passed away in San Bernardino County. Beloved husband of Susan Amid-Hozour; loving father of Nader and Neda Amid-Hozour; devoted son of Amir and Fatemeh Amid-Hozour; dear brother of Karim, Farah, Rahim, Saeed and Bahare; also the families of Morshed, Agah, Tavagoh, Tehrani, Sharghi, Fatehi and Vokhshurpour. A native of Iran; age 30.

Funeral services to be held 9am, Friday at **Chapel of the Highlands, El Camino at Millwood Dr. Mil...**

GRASSO, Frank Anthony passed awy on February 14, 1989. He is survived by his wife, Pauline of Manhattan Beach; son, Christopher of Tuscon, AZ; brother, George of San Jose and a sister, Rosemary McTighe of Massachusetts; three nephews and two nieces.

Retired Lt. Colonel U.S.A.F.R. past Grand Knight, Queen of Martyrs Council 4567; past Faithful Navigator and for 11½ years Color Corp Commander Fr. Hawe Assembly; President of Catholic University of America Alumni Assoc. Los Angeles Chapter; past Grand Commander of Albraka Caravan 164; past President of Manhattan Beach Senior Citizens Club Inc.; Advisory Council of Meals-On-Wheels—Salvation Army Redondo Beach and also South Bay Senior Services of Torrance. Member of

NEALE, Barbara Linn passed away in Napa, CA on February 13, 1989. Wife of Dr. Roderick M. Neale of St. Helena; mother of Dr. John R. Neale of Palo Alto and Mrs. Ann E. Gillen of Topanga Canyon; sister of Mrs. Ruth L. Clawson of Pasadena, Mrs. Florence L. Jensen of Solvang and James O. Linn of Lodi; grandmother of four. A former long-time resident of Santa Monica; age 75; former director of the Junior Choir of Beverly Hills Presbyterian Church; fomer member of Westwood Presbyterian Church Choir, St. John's Hospital Auxillary; served as Chaplain of Santa Monica P.E.O. Sisterhood Chapter F.P. and transferred to Napa County Chapter, P.J.; member of U.C.L.A. Faculty Wives.

Memorial services to be held 3 pm Sunday, March 5 at Westwood

ZDARSKY, Charles born in St. Paul, Minnesota on October 16, 1901; passed away on February 15, 1989. A Claifornia resident since 1927, he leaves a son, Charles (Jan); daughters, Suzanne (Donald) Miller and Patricia (De) Alcorn; five grandsons and seven great-grandchildren; sisters, Rose Christiason, Georgia Pollock and Helen Lowrey.

Memorial service 3:30 pm, Saturday at **Mountain View Chapel, 2400 N. Fair Oaks Ave., Altadena.**

Funeral Directors

The anti-sleaze crusade

In utter disrepute, Congress wants to fix campaign laws

If the unruly laws of congressional-campaign finance have any fans, count Charles H. Keating, Jr., among them. "There's nothing wrong with the current system," says the thrift executive best known for his calculated generosity toward powerful politicians. "Over the years, it has unerringly produced the finest government in the history of mankind." Keating may as well be a mole for Common Cause. When an infamous fat cat blesses the system, change becomes attractive. Besides, with five of Keating's former Senate friends sweating an Ethics Committee investigation, their colleagues have become so unnerved that they could soon break the campaign-reform logjam for the first time since Watergate. "They've got to get this monkey off their backs," says Democratic poll taker Geoffrey Garin, "or their lives will be miserable."

What Congress needs is a package that passes the Keating Test: A batch of scandalproof reforms that even the most tireless influence seeker (or access seller) cannot circumvent. A perfect fix will not be easy and may be impossible. After all, the last major effort limited individual contributions but created the special-interest PAC monster. Still, anxious members may reform again, and soon. Key Republicans, once unalterably opposed to campaign-spending limits and public financing, are now sympathetic. And some top Democrats are calling for restraints on political-action committees and the undisclosed "soft money" contributions favored by their own big donors. Everybody wants free or cheap TV time, a change that could set the clock back—to the days when campaigns meant serious political debate.

The power of money. Given the recent preoccupation with sleaze, that could take some doing. "The public looks at us as if we're all corrupt," complains New Hampshire Senator Warren Rudman, the GOP vice chairman of the Ethics Committee. Senate Majority Leader George Mitchell prefers to call it an "unhealthy cynicism." They both may be understating the case. In a recent unpublished national poll done for Democrats, voters were asked who makes the important Washington decisions: The lobbyists and other moneyed interests (36 percent); the Democrats and Congress (31 percent); President Bush and the Republicans (28 percent). And in a *Los Angeles Times* survey last month, more than half the Californians called bribe-taking commonplace. Such disdain grows with the cost of elections. Since 1976, the price of a Senate race has grown 600 percent to an average of $3.6 million; the cost of House races has quadrupled to almost $400,000.

Even so, members do not want to reform themselves out of office, and that causes problems. Democratic Party Chairman Ron Brown worries about losing PAC's because they give more to his party's congressional majority. Mitchell wants to end "soft money," but that could endanger almost one third of all party contributions. (Democratic rule: Reform is good politics, but the big givers are most generous to powerful incumbents.) And some Republicans, like Kentucky Senator Mitch McConnell, fight campaign-spending limits. (Republican rule: Reform is good politics, but campaign limits can be dangerous when you are in the minority. Caveats aside, many challengers have put the heat on by refusing PAC contributions and running on promises to shake up the system. Some members figure the best solution is to fix it themselves.

But when? "Nothing gets partisan juices flowing like election laws," says a skeptical Garin. This year, though, the anxiety level among members will inspire either action or a public backlash against a debauched institution. As it is, the Senate is now sweating over a bipartisan contingent of seven colleagues under financial investigation, a sticky predicament for a club that has not disciplined one of its own for nearly a decade. And the House, still recovering from the fall of Speaker Jim Wright, is likewise seeking ethical relief. Democrats promise debate next month. And House Minority Leader Bob Michel helped recently when he endorsed spending limits. "We spend too much time worrying about how to build up the campaign committees," he grouses. "We need to reform."

Oddly, the fate of the campaign-finance system may rest with those under investigation for possible ethical trespasses. Not surprisingly, some have been born again. Republicans Alfonse D'Amato of New York and David Durenberger of Minnesota, both under fire in financial controversies, have become recent reform converts. Senator John McCain of Arizona, one of Keating's former friends, reminds reporters that he was one of the original cosponsors of a GOP campaign-reform package. Only lately have his colleagues craved change as much as he does. ■

by Gloria Borger

WRIGHT—*PALM BEACH POST*

Scandalproof rules. *Congressmen want to write new campaign laws that will end their misery*

THE NEW REPUBLIC

AUGUST 7 & 14, 1989

DEMAND-SIDE REFORM

Here is what President Bush says about campaign reform: "Political Action Committees and their $160 million war chest overshadow the great parties of Thomas Jefferson and Abraham Lincoln. . . . We need reforms that curtail the role of special interests, enhance the role of the individual, and strengthen the parties." Here is what Democratic National Committee Chairman Ron Brown says: "[If] you eliminate PACs, you eliminate the opportunity of a lot of small donors to contribute effectively to a campaign." Here is what both men are actually thinking: "PACs give more money to Democrats than to Republicans."

Bush has announced a campaign reform package that, among other things, would prevent PACs sponsored by corporations, unions, and trade associations from giving money to candidates. Only "independent" PACs would still be allowed to contribute. If applied retroactively to the last campaign cycle, the proposed law would eliminate 90 percent of the $160 million in PAC contributions. Since Democrats got $99 million of that, this would be all to the good, so far as Bush is concerned.

If Bush's proposal were merely disingenuous, it would warrant serious consideration. If he could find a way to curtail the generally pernicious influence of PAC money, any minor tactical advantages accruing to the Republicans might be a fair price to pay. But his proposed law is unlikely to have lasting benefits—not even for Republicans, probably, and certainly not for the body politic. It would be just one more finger in a dike that would undoubtedly spring new leaks—as past reforms have done. There are better ways to do what Bush claims to want.

PAC money comes with two biases, and Bush and Brown would each like to harness his preferred bias to partisan ends. First, there is the conservative bias. Naturally, to the extent that money is given free play in a political system, it tends to further monied interests. Also naturally, this skewing of influence away from the one-man, one-vote ideal has typically worked to the advantage of Republicans. That is why, until recently, you did not hear Republicans complaining about the nefarious influence of PACs. But lately corporate and trade association PACs have been giving money to Democrats. The reason is the second bias that modern PAC money carries: toward incumbency. Democrats control Congress. In recent years (led by the late Tony Coelho) they have become skilled at reminding big business that it makes more sense to give money to the people who are in power than to the people you wish were in power.

Bush's proposal is essentially an attempt to reduce the incumbency bias of PAC money, thereby giving free flow to the conservative bias and restoring the Republican Party to its accustomed status as a magnet for money. Bush doesn't want to ban any type of PAC outright; corporate, trade association, and union PACs would still be able to give to the *party* of their choice—just not to the candidate of their choice. The expectation is that, once big business can no longer forge marriages of convenience with individual legislators, it will return to its ideological roots. Brown, for his part, sounds eager to preserve the incumbency bias of campaign money as an antidote to its otherwise natural right-wing bias. This may work for now, but it won't keep working if the Democratic dominance of Congress starts to slip. Nor does it get the party of the people out from under the mountain of contradictions caused by its growing dependence on business-interest money. The most reliable and endur-

ing defense of the Democrats against big money—and, incidentally, the best thing for the nation—is the elimination of both PAC biases.

No direct, supply-side assault on campaign donations is likely to achieve this. Witness the last major go-round, the post-Watergate campaign reforms. Their limits on individual contributions merely created the monstrous PAC system. Bush's proposal would prove similarly futile. Corporations and trade associations would soon figure out how to leap the Jesuitical divide between a "sponsored" and an "independent" PAC—and undoubtedly would discover other as yet unimagined tricks. The better, simpler route is demand-side reform: sharply reduce the need of candidates for funds, and let them get these relatively insignificant amounts where they will, so long as the source is disclosed.

Unfortunately, the most straightforward demand-side approach is unconstitutional. Post-Watergate legislation to limit total campaign expenditures was correctly deemed by the Supreme Court to be an infringement of free speech. However, the Court did allow government funding of presidential candidates to be made contingent on voluntary acceptance of spending limits. This same gentle arm-twisting technique can be applied to congressional races. This is the approach of a House bill, sponsored by Michael Synar and Jim Leach, that would provide some public financing for candidates who agreed to a spending ceiling. Another House bill, sponsored by Al Swift, would offer candidates greatly reduced postal rates and would compel television stations to offer them rock-bottom ad rates. Again, participating candidates would have to accept overall spending limits. Both of these approaches amount to two-pronged demand reduction: they not only put a ceiling on expenditures but reduce the number of bucks candidates must spend for a given amount of bang. And in both cases, if you accept the subsidy and the limit but your opponent doesn't, your limit would be waived while your subsidy was retained. (In a Senate version there would be no public subsidy unless your opponent refused to accept a spending limit.) This makes for a very strong incentive to participate.

If forced to choose between these two subsidies—public financing and cheap communication—we would take the latter. One reason is that publicly funded campaigns would bring the unsightly spectacle of your tax dollars going directly into the pockets of political consultants and television station owners. This already happens with public funding of presidential campaigns, but at least there is a natural limit. Depending in particular on how third-party candidacies were handled (some allowance for them would have to be made), manufacturing hopeless candidacies could become a growth sector of the politics industry, with the government footing the bill. A safer—and more elegant—approach is simply to make the raw materials of politics cheaper.

In fact why not go further and make TV time, as well as a limited number of mass mailings, free, rather than just cheap? (About half the cost of a typical congressional campaign is paying for television commercials.) The government gives broadcast stations a valuable, scarce public resource—a segment of the broadcast spectrum—for free. Cable networks get a government-granted monopoly in their service area. Not profiting from the democratic process is a reasonable enough price to demand in return.

Free TV time would provide a natural occasion for another great leap backward: toward serious political discourse. The days when people used to complain of politicians being sold like soap are long over: the manipulative genius of modern political ads puts Procter & Gamble to shame. Things have gotten so gruesome that we are ready to embrace a proposal we've resisted for years: content regulation. Any free TV ads should consist only of the candidate addressing the viewer—for at least two minutes. No baritone narrator, no majestic sunsets, no convicted black rapists who do their best work while on furlough. Just a talking head. Two hundred years ago—even 50 years ago—this was the only sort of audio-visual campaigning that was done in America. It worked well.

It is not too late to work these provisions—*free* TV time, along with a talking-heads rule—into the Democratic report that is likely to emerge from the bipartisan congressional task force on campaign reform. In any event, the Democratic report will likely take a stab at demand-side reform, probably by synthesizing the Synar-Leach and the Swift approaches. When the report comes out, expect Bush and other Republicans who are now basking in the fallout from the flag-burning issue to become suddenly First Amendment absolutists. They will say something like this about spending limits (not to mention any content regulation): "In the guise of election 'reform,' these proposals would load the dice in favor of Democratic candidates by shutting off the free flow of information." And these Republicans will actually be thinking: "These proposals would reduce the role of money in politics."

NOTEBOOK

RETURN OF THE SLEAZEBALL WATCH: "I was not responsible for the fact that DRG was, as you say, a bad actor," Carla Hills testified July 17 at House hearings on the HUD scandal. "I was hired as a lawyer . . . not the judge." As a lawyer, Hills—then a former HUD secretary, now U.S. trade representative—persuaded her successor, Sam Pierce, to overrule his staff and allow DRG to issue 80-percent-government-guaranteed loans for housing construction without government approval. This so-called "co-insurance" program was a Reagan administration idea for government-private sector cooperation and blah blah blah. It now appears that the "private sector" routinely inflated the value of the projects, lent way too much money, and then earned

JUNE 1990 BALLOT

Proposition 112: Government Ethics Legislative Constitutional Amendment

Senate Office of Research • 1100 J Street, Suite 650 • Sacramento, CA 95814 • (916) 445-1727

Summary of Key Provisions

This measure would amend the California Constitution to enact comprehensive ethics provisions affecting Members of the Legislature, the Governor, and other elected state officers.

The measure would (a) ban honoraria, (b) limit receipt of gifts, (c) limit the sources of outside earned income, (d) require the enactment of "revolving door" post-public office employment restrictions, (e) limit per diem during legislative interims, (f) establish open meeting requirements for the Legislature, (g) create an independent California Citizens Compensation Commission with the authority to set salary and benefits of Members of the Legislature and other elected state officers, and (h) require the President pro Tempore of the Senate and the Speaker of the Assembly to report to their respective houses regarding institutional goals and objectives.

Analysis of Policy Impact

The compensation commission established by this measure would be able to raise or lower state legislative salary levels, which is currently set at $40,816 per year. This salary cannot increase by more than 5% annually.

The impact of other components of Proposition 112 depends upon legislation currently pending which would implement many of the measure's provisions. Several bills [SB 1314 ("revolving door"), SB 1737 (honoraria), and SB 1739 (outside income)], have passed the Senate and are now being considered by the Assembly. Other bills [AB 515 (ethics seminars and honoraria) and AB 938 and SB 1738 (conflict of interest)], are pending

consideration by conference committees. One measure, which implements Proposition 112's open-meeting requirements, has already been signed into law (AB 427, ch. 1235, Statutes of 1989).

Fiscal Impact

Unknown fiscal effects as a result of the actions of the California Compensation Commission. The cost to the state of supporting the Commission and enforcing the provisions of the measure probably would be relatively minor.

Background

This measure was spurred by public dissatisfaction with the ethical standards of state elected officials, as well as by charges of ethical misconduct in the Legislature. Voters have previously approved the following political reform measures: Proposition 9 (1974), Proposition 68 (1988), and Proposition 73 (1988).

Support/Opposition Arguments

Proponents argue that this measure is needed in order to prevent actual or perceived conflicts of interest or improprieties on the part of state officials. Proponents also argue that the Compensation Commission is necessary because legislators and elected state officers are paid considerably less than comparable local or appointed public officials in California.

Opponents argue that Proposition 112 will not stop unethical behavior, and that the Legislature already has the authority to pass laws to achieve Proposition 112's goals. Opponents also claim that honoraria is a legitimate income supplement, and that the Compensation Commission would not be accountable to the voters for the Commission's actions.

Ballot Analysis: Government Ethics Legislative Constitutional Amendment

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Known Positions

Support

California Common Cause
California Chamber of Commerce
League of Women Voters of California

Opposition

Diane E. Watson; Senator, 28th District
Richard L. Mountjoy, Assembly Member, 42nd District
Phillip D. Wyman, Assembly Member, 34th District

Legislative History

This proposition was enacted by passage of SCA 32, authored by Senator Roberti, Resolution Chapter 167, Statutes of 1989. Passed by the Senate, September 15, 1989. (Final Vote: 33 to 3). Passed by the Assembly, September 15, 1989. (Final Vote: 68 to 7).

Prepared by: Dan Flynn

JUNE 1990 BALLOT

Proposition 118: The Legislative Ethics Enforcement Initiative of 1990 - Initiative Constitutional Amendment and Statute

Senate Office of Research • 1100 J Street, Suite 650 • Sacramento, CA 95814 • (916) 445-1727

Summary of Key Provisions

At the beginning of each decade, following the U.S. National Census, the boundaries of State Senate, Assembly, Board of Equalization, and Congressional Districts are adjusted to account for population growth and population shifts. The laws governing this reapportionment, or redistricting, are set forth in the California Constitution.

Proposition 118 would significantly change the existing constitutional reapportionment procedures. It would also change the statutes regarding ethical standards for members of the Legislature and other officials, and it would alter the timetable for the election of one-half of California's State Senators.

Reapportionment. This initiative would allow the Legislature to retain the authority to enact redistricting bills, but under specific standards and procedural requirements. It stipulates that any redistricting plan devised by the Legislature must be approved by a two-third vote of both the Senate and the Assembly. If a plan is vetoed by the Governor, the Legislature would be prohibited from overriding the veto. Any approved plan is required to be placed on the ballot at the next statewide election by the Secretary of State for approval by the voters.

The initiative sets forth a number of new requirements as to the manner in which the district boundaries may be drawn. The requirements include:

- single member districts with population variances of no more than 1%,
- compact and contiguous districts,
- nesting of districts (i.e., 2 Assembly Districts = 1 Senate District),
- respect for natural regional boundaries (with prohibitions against lines crossing specified common county boundaries),
- consecutive numbering of districts from north to south, and
- minimal number of crossings/subdivisions of city, county, and census tract lines.

The statutes establishing the boundaries lines would have to be passed by both the Senate and Assembly by July 15th of 1991. In the event of the rejection of the reapportionment plans or the failure of enactment, or upon a legal challenge by any citizen, the Supreme Court would be empowered to impose temporary district lines, accept plans from the public, and determine the final plan. The Court is barred from approving any plan with boundaries in effect during the previous decade, that were approved by less than a two-thirds vote of each house, or that were vetoed.

The Legislature would be prohibited from spending public money on a redistricting plan unless the data and computer hardware and software is made available to every member of the Legislature and is made available to the public at cost. Spending on the plan is limited to an amount equal to one-half that spent to develop the 1980 redistricting plan, adjusted for inflation.

Ethics. This initiative creates a Joint Legislative Ethics Committee, replacing the existing committee of the same name. The Committee would be composed of equal numbers of members from the

two major political parties (elected by the respective caucuses). Its major duties would be to establish, monitor, publicize and enforce ethical standards, including those relating to the new redistricting process.

Members of the Legislature, state elective or appointive officers, judges and justices would be prohibited from having any interest conflicting with the "proper discharge of his or her duties". These officers would not be allowed to take any action on behalf of another person before any state board or agency in return for anything of monetary value. Legislators could not act for passage or defeat of any measure in which they had a personal interest.

Legislators would not be allowed to accept gifts or honoraria from any person or organization which employs a lobbyist. Subject to this limitation, however, legislators would be allowed to accept gifts, honoraria, or fees for any speech, article, or published work on a subject relating to the governmental process. Legislators would generally be permitted to accept reimbursement for travel expenses and subsistence in connection with such speech, article or published work. Gifts, honoraria, reimbursement, or subsistence payments having aggregate value of over $50 per year would have to be reported to the Joint Legislative Ethics Committee.

Legislators would be forbidden from acting, for compensation, as agent or attorney for anyone with intent to influence legislative or administrative action for one year after leaving the Legislature. Legislators retiring before the effective date of the initiative would be exempt from this provision. Also, former legislators making or providing a

statement which is based on the former member's own special knowledge could receive payment or reimbursement for travel expenses or subsistence.

Election of Senators. Beginning with the 1990 Census, elections for all 40 State Senators would be held on the 2nd, 6th, and 10th year following the year in which the national census is taken. This means that State Senators elected in 1990 would have a two-year term, and that there would no longer be staggered terms in the State Senate.

Analysis of Policy Impact

The sections of the initiative dealing with reapportionment constitute a dramatic departure from long-standing constitutional procedures for this process. In some respects, the plan increases the diversity of voices that could have some input in the plan. The two-third vote requirement, for instance, gives the minority party far greater power to influence the outcome. However, by giving the Governor an "un-overrideable" veto power over any Legislatively approved plan (unlike any other law), it could significantly narrow that diversity of input. This provision also raises serious concerns about the erosion of traditional checks and balances between the branches of government.

Existing constitutional law requires that districts be reasonably equal, single-member, contiguous, and numbered from north to south. It also requires that the geographical integrity of cities, counties, and geographical regions be respected to the extent possible.

The new standards for the districts would be more rigid and would result in more compact districts with fewer extensions reaching into the middle of other districts. This may help to prevent the creation

of odd-shaped districts suiting political purposes. Strict adherence to this standard. however, could create new problems. Federal and state law is showing increased respect for "communities of interest" in civil rights and redistricting cases. These communities of interest are not always compact or perfectly shaped. There is no mention of communities of interest in Proposition 118.

The potential for stalemate in the adoption of a redistricting plan is great. Moreover, the requirement that the redistricting plans be approved by July 15 of the year following the national census further increases the chances of stalemate since the census data would not be available until April. Indeed, pursuant to a federal court order, adjusted census data (for undercount corrections) may not be available until July 15. The Supreme Court would resolve such stalemate by approving a redistricting plan. It is not self-evident that it is more appropriate for appointed judges to devise a final plan than for elected representatives to do so.

The new ethical guidelines implementing a partial honoraria ban would reduce the money in honoraria received by legislators. However, the specific mechanism for internal enforcement of the new rules raises questions about how effective the new procedures would be.

The impact of the new election dates for State Senators would be to force all Senators to run for office in 1992, and every four years thereafter, in the newly revised districts. This would speed up the adjustment to the new population distribution. However, the added measure of stability in government flowing from the staggered terms of the Upper House (described, for instance, in the

Federalist Papers during the debate over the U.S. Constitution) would be eliminated.

This measure is one of two initiatives dealing with reapportionment which have qualified for the June ballot. Though the provisions of the two initiatives conflict, it is possible that both may be approved by the voters. If so, it is likely that there will be confusion and legal battles similar to those following the simultaneous passage of campaign reform initiatives Proposition 68 and 73. Additional confusion may follow if new initiatives qualify for the November ballot.

This measure is also one of two initiatives dealing with legislative ethics. Proposition 112 (SCA 32), which mandates certain guidelines for legislative ethics, has also qualified for the June ballot. Other initiatives on the subject are circulating, and there are several legislative proposals being considered in this area. Proposition 118 and these other measures are in conflict. It is difficult to assess the potential policy impact of Proposition 118 in light of these conflicting measures.

Fiscal Impact

Savings resulting from the restrictions on the Legislature on spending on the new reapportionment plan would, according to the Legislative Analyst, be offset to an unknown extent by the cost to the State of the required referenda and expenses flowing from expenditures by the Courts to review and devise redistricting plans.

Background

As the time for the National Census has approached, a number of individuals and interest groups in California have again expressed dissatisfaction with the current standards and procedures for reapportionment. There has been little agreement

among these individuals and groups, however, about what form a new law should take. More than ten different initiatives on this subject have been in circulation during the past year alone.

The proponent of Proposition 118 is Gary J. Flynn, a wealthy Republican businessman from Marin County. Reports in the Sacramento Bee (October 3, 1989) and other sources indicate that the legislative Republicans assisted Flynn in drafting the measure. Campaign reports indicate that the Republican National Committee contributed approximately 1/2 of the money raised by Flynn to qualify the initiative.

Support/Opposition Arguments

Supporters of Proposition 118 state that there is widespread and growing cynicism with respect to the integrity of the Legislature. They believe that additional measures are needed to ensure that public rather than private interests are being served. Supporters also think that the existing procedure for redistricting is unfair and excessively dominated by the political interests of the party holding the majority of the elected positions in the Legislature. They believe that a proper response is to reduce the power of the majority party, further specify standards and procedures, give all members access to the data and hardware, and increase the role of the Court.

Opponents state that proposed ethical standards in the Proposition are poorly drafted and would be inappropriately administered. They believe that the reapportionment-related measures are simply an attempt to increase, for partisan reasons, the influence of the minority party in the Legislature. They express concern that communities of interest will be given insufficient consideration under the

revised law. Opponents note that the present procedure gives the party which has the most elected members the greatest voice in the process, which is in line with the prime goals of democracy.

Known Positions

Support

Bruce Herschensohn (TV./Radio Commentator), Gerald Lubennow (Director of Publications, UCB Institute of Governmental Studies), Gaddi Vasquez (Supervisor, Orange County), Albert Aramburu (Supervisor, Marin County)

Opposition

Common Cause, California Faculty Association, Daniel Lowenstein (Former Chairman, Fair Political Practices Commission), Dan Terry (President, CA Professional Firefighters), Ed Foglia (President, California Teachers Association), League of Women Voters

Prepared by: Rodger Dillon

County action doesn't ~~[illegible]~~ support
spraying but ~~[illegible]~~
would be happy if they.
All network

Costs: issue of Declaration is seemed to
→ oil spill / ~~[illegible]~~
vs. little fly
random inconsistency

Benefits:

Goals:

Irvin, Allen Riddler - re: Profile -
recurring Positivity = introduction
red fly

Adjustments

The little [illegible] Catholic [illegible]

(intro section)

[illegible] – adult/ed [illegible] home early
$1000.00 a night

December – [illegible] funding
now we're going to stop
one month [illegible] w/ mayors
[illegible] w/ gov & state legis/ not adverse

→ [illegible]: How do we house the homeless
reflection tip of iceberg
[illegible] – [illegible] and
presented to gov (2 weeks)
(4 months)
looking for justification
11 legal issues –
Dept of F & A just [illegible]
work relationship w/ dept // were
[illegible] . . .
negotiated . . find facility/we
will provide staff
"baby sit" Scott [illegible] &

homeless task force

city of GG – Crystal Cathedral – former
church Pardr program

3 months / sterile needs sooner
than before

Words program ? money fed agency
FEMA → homeless task force

– designated parks garden grove
restroom

homeless task force

city of GGV – 50
Anaheim

local park / voucher /
community providing
blankets / cots / material –
social service.

– Church
only next 3 days no agreement
w/ Brea

(9 + 1 Ahm)

street/gym provide place – 3 months

3 people → provided personnel to care for

not safe to spray

South

All ages

① Pioneer ② Pierce

5 pickup points

3 rescue mission Bro/Fairview

2 Hart park

5 – HNBH church

9 cold countywide warnings

5 pm – 7:30 am

travel, bed / cot / blanket → county

$7.15 per person per night ← Fed dollar

city no facility – County trouble

Hour of Power

2210 Dupont Cir. Anaheim

in coll. from L.A. Followup

Barney –

32nd Cir — 80/81 – greater autcry – need police protection –

can't believe ~~that~~ they didn't expect reaction to spraying –

(<u>police powers</u>)

Stated Emergency — public right to know & be assured

whether the which everel changes ... should be changed

law violation

→ Air quality laws

→ water quality

County – didn't wanta file

Capital.

hired PR firm – weekly radio show

open

3 people –

3: statement — semi-weekly
monthly
financial reason / not support
liability

state : not administratively proper
local govt role. can't reduce the language :
past - local emerg call for state / fed help
now state call local semi-weekly declarations

not .

— through legislation
— Allen

FRANK PARSONS,
hearing officer — state, Barbara Bun.
Cal Dept & Food & Agric.
3/19
H/W ~~media~~ trust — indemnify county from liability.